THE McENERY COMPANY

VALUATION & ADVISORY SERVICES



Highway 23 Just south of Ravenna Road Ironton, LA 70461

RAM Terminals

PREPARED FOR:

Mr. Sandy Sanders Plaquemines Parish Port Harbor & Terminal District P.O. Box 547 Belle Chasse, LA 70037 EFFECTIVE DATE OF MARKET VALUE: May 15, 2018

FILE # 18-1275

P.M. McEnery, MAI, CRE
Baldwin R. Justice
The McEnery Company
810 Union Street, Fourth Floor

PREPARED BY:

New Orleans, LA 70112



THE MCENERY COMPANY

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June 8, 2018

Mr. Sandy Sanders Plaquemines Parish Port Harbor & Terminal District P.O. Box 547 Belle Chasse, LA 70037

Re: Highway 23

Ironton, LA 70461

Our File Number: 18-1275

Dear Mr. Sanders:

In accordance with your letter of engagement, we have examined the referenced property and analyzed matters applicable to the determination of its current market value. Enclosed is our report that describes our method of approach and contains relevant data gathered and used to reach a final value estimate.

This appraisal complies with the reporting requirements mandated by the 2018-2019 Edition of the United Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of The Appraisal Foundation. Additionally, as per Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) minimum appraisal standards, we HAVE completed previous appraisals of industrial properties similar to the subject property in this area.

This is an appraisal containing a total of 80 numbered pages. This report is intended for use only by Plaquemines Parish Port Harbor & Terminal District as represented by Mr. Sandy Sanders. We are not responsible for unauthorized use of this report.

The subject of this report is a 613.5 acres of batture land situated on the west bank of the Mississippi River in Ironton, Louisiana. The purpose of this appraisal is to determine the market value of the Fee Simple Interest in and to subject property. Within this appraisal, we have developed the sales and land approaches. Integral to the conclusions herein are the inferences drawn from the included level A market and marketability analysis.

Mr. Sanders Page Two June 8, 2018

According to the Plaquemines Parish Sheriff's Office, the 2017 ad valorem taxes of the property have been paid. Assessment information can be found in the *Scope of the Appraisal* section of this report.

The opinion of value expressed in this report is conditioned on the Statement of Certification and the Statement of Assumptions and Limiting Conditions that are included within the report.

Based on the data and analyses contained herein, it is our opinion that the **Market Value** of the **Fee Simple Interest** of the subject of this report as of May 15, 2018 is:

THIRTY ONE MILLION NINE HUNDRED THOUSAND DOLLARS* (\$31,900,000)*

This is to certify that we have no interest, present or contemplated, in the appraised property. Our opinions of value are subject to the General and Special Assumptions and Limiting Conditions, Certification and Restriction Upon Disclosure and Use which are stated in the body of the report.

Respectfully submitted,

P.M. McEnery, MAI, CRE Louisiana State Certified General Real Estate Appraiser #G1102 Baldwin R. Justice Louisiana State Certified General Real Estate Appraiser #G3000

Balalin Justice

*This value is contingent on the extraordinary assumption stated within the scope of work section of this report.

SUMMARY OF SALIENT FACTS AND CONCLUSIONS						
	GENERAL					
Property Address:	Highway 23 just south of Ravenna Road Ironton, LA 70461					
Client:	Plaquemines Parish Port Harbor & Terminal District, as represented by Mr. Sandy Sanders					
Ownership:	RAM Terminals, LLC					
Interest Appraised	Fee Simple					
Type of Value:	Market Value					
Date of Report:	June 8, 2018					
Property Inspected By:	Baldwin R. Justice					
Intended Use:	The intended use is for establishing market value to assist in potential acquisition.					
Intended User(s):	The intended user is Plaquemines Parish Port Harbor & Terminal District, as represented by Mr. Sandy Sanders					
Sale History:	The subject property last transferred ownership when it was purchased from TKS Ventures, LLC by RMS Terminals, LLC on 5/26/2011 for \$25,000,000. This sale is recorded under Plaquemines Parish Clerk of Court Book: 1246, Page: 881					
	The subject property has not changed ownership within the past three years. To the best of our knowledge, the					

The subject property has not changed ownership within the past three years. To the best of our knowledge, the subject property has not been recently marketed for sale, nor is it known to be encumbered by a pending sale/purchase agreement. Except for the ongoing operations and potential mortgage loan considerations, we are unaware of any other transactions that may affect the property.

Land Summary								
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Topography	Shape				
Main Site	613.50	26,724,060	level	Irregular				

Legal Description: A certain parcel of ground situated and being a part

of Township 16 South, Range 25 East, Sections 5 and 6, containing Tracts A-1A, A-1B, and R-1, in St. Rosalie and Myrtle Grove Plantations, Plaquemines

Parish, State of Louisiana.

Zoning: FP, Floodplain

Plaquemines Parish Planning and Zoning

Flood Zone: B – Effective

AE - Preliminary

Highest and Best Use (As Vacant): Maritime Industrial Development

Estimated Marketing and Exposure Time: Less than 12 months

Value Indications

Land Value: \$31,900,000*

Reconciled Value(s): As Is

Value Conclusion(s) \$31,900,000* - \$51,997 per acre

Effective Date (s) May 15, 2018
Property Rights Fee Simple

^{*}This value is contingent on the extraordinary assumption stated within the scope of work section of this report.

AERIAL **V**IEW





-Site Boundaries Are Approximate-

AERIAL VIEW WITH SURVEY OVERLAY



-Site Boundaries Are Approximate-

SITE VIEWS























TABLE OF CONTENTS

Summary of Salient Facts and Conclusions	ii
Aerial View	
Aerial View with Survey Overlay	
Site Views	
Table of Contents	xii
Certification	
Scope of Work	
Assessment and Taxes	
Zoning	8
Subject Property Description	
Site Analysis	9
Market Area Analysis	12
Market and Marketability Analysis	29
Highest and Best Use	
Final Reconciliation and Value Conclusion	80
Assumptions And Limiting Conditions	
Addenda	
Glossary	

CERTIFICATION

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions and conclusions.
- We have no present or prospective interest in the property that is the subject of this appraisal report and we have no personal interest or bias with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a
 predetermined value or direction in value that favors the cause of the client, the amount of the value opinion,
 the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended
 use of this appraisal.
- We have performed no other services, as an appraiser or in any other capacity, regarding the property that is
 the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- No one other than associates in this office or outside consultants as noted provided significant professional assistance in the preparation of this report.
- Baldwin R. Justice made a personal inspection of the property that is the subject of this report. P. M. McEnery, MAI, CRE did not make a personal inspection of the property that is the subject of this report.
- Baldwin R. Justice has provided significant real property appraisal assistance to the persons signing this certification. A summary of this assistance may be found within the Scope of the Appraisal.
- Matthew T. Palmer provided significant professional assistance in the preparation of this report. A summary of this assistance may be found within the Scope of the Appraisal.
- As of the date of this report, P. M. McEnery, MAI, CRE has completed the continuing education program for Designated Members of the Appraisal Institute.
- P. M. McEnery, MAI, CRE is a licensed real estate broker and is active in the buying and selling of real estate.

Date Signed: June 8, 2018

P.M. McEnery, MAI, CRE Louisiana State Certified General Real Estate Appraiser #G1102

· d. d. : Exer

Baldwin R. Justice Louisiana State Certified General Real Estate Appraiser #G3000

Baldin Justice

SCOPE OF WORK

According to the Uniform Standards of Professional Appraisal Practice, it is our responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s). Therefore, we must identify and consider:

- the client and intended users;
- the intended use of the report;
- the type and definition of value;
- the effective date of value;
- assignment conditions;
- typical client expectations; and
- typical appraisal work by peers for similar assignments.

The purpose of the appraisal is to estimate the current 'As Is' market value to assist in a potential acquisition of the Fee Simple Interest in and to the subject property.

SCOPE OF WORK						
Client:	Plaquemines Parish Port Harbor & Terminal District, as represented by Mr. Sandy Sanders					
Intended Use:	The intended use is to determine market value to assist in a potential acquisition.					
Intended User(s):	The intended user is Plaquemines Parish Port Harbor & Terminal District, as represented by Mr. Sandy Sanders					
Type of Value:	Market Value					
Effective Date of Value:	May 15, 2018					
Report Type:	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses.					
Inspection:	An exterior inspection of the subject property has been made, and photographs taken.					
Market Analysis Level:	Level A					
Valuation Analyses	Within this appraisal report we have utilized the sales					

	comparison and the land / site valuation approaches to value.
Land/Site Valuation:	A land/site valuation was developed as there is adequate data to develop a value estimate.
Cost Approach:	A cost approach was not applied as it is not necessary to produce credible results with respect to the intended use and intended user.
Sales Comparison Approach:	A sales comparison approach was applied as there is adequate data to develop a value estimate and this approach reflects market behavior for this property type. This approach to value was employed within our land/site valuation.
Income Approach:	An income approach was not applied as it is not necessary to produce credible results with respect to the intended use and intended user.
Hypothetical Conditions:	There are no hypothetical conditions employed in this appraisal.
Extraordinary Assumptions:	It is an extraordinary assumption of this report that the subject property is not encumbered by any long-term lease agreements in place, which detract from the subject's overall marketability. We have not been made privy to any lease agreements encumbering the site. It is extraordinary assumption that the property is maintained as a fee simple ownership interest as of the effective date of value.

Marketing and Exposure Time:

The definition of Market Value is based on a reasonable time allowed for exposure to the market. Reasonable time is a subjective time period and will vary depending on the type property, marketing effort and price. Marketing Time is a prospective perspective or provides a perspective that is futuristic for the date of valuation with a presumed sale of the property under the assumption the property will sell at market value. Exposure Time is retrospective in perspective and provides a perspective that is historic for the date of valuation with a presumed sale of the property under the assumption that the property will sell at market value. For purposes of this appraisal, it is assumed that the property would be reasonably priced and aggressively marketed.

The Marketing and Exposure Time for the subject property is estimated to be less than 12 months if priced to the market and aggressively marketed.

Comments:

- Baldwin R. Justice visited the subject property on May 15, 2018. An exterior inspection of the subject property has been made, and photographs taken.
- In the process of concluding a value, data has been gathered and analyzed by the undersigned appraisers. Comparable sales have been analyzed.
- The scope is further augmented by the applicable approaches to value employed in this
 assignment, the analyses resulting in value conclusion(s) rendered which is dependent upon
 all known information about the subject property and marketing conditions and available
 market data.
- Matthew T. Palmer provided significant professional assistance in the preparation of this
 report. This assistance includes the research of applicable subject property attributes and
 the input of this information into this report. These attributes include the marketing and
 sales history, ad valorem taxes, zoning designation, legal description, and flood zone.
 Additionally, assistance was given by formatting and inserting subject photographs, the
 subject sketch, aerial images and other relevant documents. All pertinent property data has
 been verified by a signatory appraiser.
- Site Area Note: The legal descriptions provided indicate a total acreage of approximately 598 acres; however, the more recently completed survey indicates a total acreage of 613.50 acres. In light of the recent nature of the survey, we have utilized the acreage calculation of the survey.

ASSESSMENT AND TAXES

Taxing Authority Plaquemines Parish Sheriff's Office

Assessment Year 2017

Real Estate Assessment and Taxes									
Tax ID	Taxes								
1621220	\$2,006,200	\$0	\$2,006,200	\$67.49	\$135,398.44				
1361000	\$89,110	\$0	\$89,110	\$67.49	\$6,014.03				

Notes:

According to the Plaquemines Parish Sheriff's Office, the 2017 ad valorem taxes of the subject property have been paid.



Plaquemines Parish Assessor Current Assessment Listing

Parcel#

1621220

Primary Owner

RAM TERMINALS LLC

Mailing Address

3033 E 1ST AVE, STE 837 DENVER CO 80206-5652

Legal

TRACT R1, LOUISIANA POWER & LIGHT CO DIVISION, BEING A PORTION OF A RE-S/D OF TRACT 1 - 156.66' FRONT ON HWY 23 X 1,697.67' FRONT ON HWY 23 X 538.03' FRONT ON HWY 23 X 2,458.59' FRONT ON HWY 23 X 860.80' FRONT ON HWY 23 X 857.34' FRONT ON HWY 23 X 112.86' X 157.50' X 484.17' X 705.04' X 639.38' X 236.54' X 236.48' X 121.70' X 567.17' X 4,101.99' X 275.42' X 275.31' X 759.98' X 194.91' X 195.83' X 200.28' X 199.76' X 200.02' X 200.01' X 200.01' X 200' X 200.01' X 200' X 200.02' X 200.20' X 201.44' X 201.44' X 200.03' X 236.37' X 81.79' X 198.79' X 230.81' X 96.95' X 200.59' X 198.94' X 200' X 185.78' X 187.54' X 195.14' X 187.56' X 214.43' X 220.45' X 201.64' X 161.13' X 198.92' X 96.12' X 186.04' X 164.36' X 92.22' X 1,530.31' X 663.54' X 595.45'.

Parcel Items

Property Class	Assessed Value	Unit	ts Homestead
Industrial Acreage (3+ acres)	2,006,200	573.20	0
TOTAL	2,006,200	573.20	0





Plaquemines Parish Assessor Current Assessment Listing

Parcel#

1361000

Primary Owner

RAM TERMINALS LLC

Mailing Address

3033 E 1ST AVE, STE 837 DENVER CO 80206-5652

Legal

TRACTS A1A & A1B, HPS DEVELOPMENT LLC DIVISION - TRACT A1A, 416.07' FRONT ON HWY 23 X 1,057.83' X 416' X 1,050.17' (10.07 AC). TRACT A1B, 1,054' FRONT ON RAVENNA RD X 102.66' X 186.13' X 55.28' X 222.20' X 1,394' X 358.55' X 220.80' X 408.24' X 3,947.35' (15.34 AC). ABOVE BY CITRUS LANDS OF LA & MISS RIVER GRAIN ELEVATOR INC & BELOW BY LA POWER & LIGHT CO.

Parcel Items

Property Class	Assessed Value Units Homestead				
Industrial Acreage (3+ acres)	89,110	25.46	0		
TOTAL	89,110	25.46	0		

Plaquemines Parish - Tax Notice Inquiry 5/18/2018 10:22:45 AM

Tax Notice# 1621220

Tax Year 2017

Taxpayer

RAM TERMINALS LLC

**** E. *ST AVE.

STE. ***

DENVER CO *****

Plaquemines Parish - Tax Notice Inquiry 5/18/2018 10:21:37 AM

Tax Notice# 1361000

Tax Year 2017

Taxpayer

RAM TERMINALS LLC

**** E. *ST AVE.

STE ***

DENVER CO *****

Taxes	Interest	Cost	Other	Paid	Balance	Taxes	Interest	Cost	Other	Paid	Balance
136,752.4	21,353.98	0.00	0.00	136,752.4	20.00	6,074.17	60.14	0.00	0.00	6,074.17	0.00

ZONING

According to the Plaquemines Parish Planning and Zoning Department the subject property is situated in a FP, Flood Plain District. The current use of the subject property is a conforming use. A copy of the district regulations is located in the *Addenda* to this report.



SUBJECT PROPERTY DESCRIPTION

SITE ANALYSIS

Location: The subject property is situated along the east bank of the Mississippi

River and west right-of-way of the Louisiana Highway 23

approximately 21 miles south of New Orleans, Louisiana.

Current Use of Property: 0

Site Size: Total: 613.5 acres; 26,724,060 square feet

Shape: Irregular

Frontage/Access: The subject property has fair access with frontage as follows:

LA Highway 23: 3,025 feetMississippi River: 6,293 feet

Topography: Level

Utilities: Electricity: Entergy

Sewer: City sewer

Water: Municipal Supply Natural Gas: Entergy

Underground Utilities: The site is serviced by above-ground and

underground utilities.

Adequacy: The subject's utilities are typical and adequate for the

market area.

Flood Zone:

The subject is located in FEMA flood zone B, which is not classified as a flood hazard area.

The subject is also located in Preliminary flood zone AE, which is classified as a flood hazard.

FEMA Map Number: 2201390165B FEMA Map Date: May 1, 1985

Zone B and X (areas outside of 100 year flood plain and areas of 500 year flood plain) is the flood insurance rate zone that correspond to areas outside the 1-percent annual chance floodplain, areas of 1-percent annual chance sheet flow flooding where average depths are less than 1 foot, areas of 1-percent annual chance stream flooding where the contributing drainage area is less than 1 square mile, or areas protected from the 1-percent annual chance flood by levees. No base flood elevations or depths are shown within this zone. Insurance purchase is not required in this zone.

Zone AE is a special flood hazard area in undated by 100-year floodplains, and includes areas in which base flood elevations are determined. Mandatory flood insurance requirements apply.

Wetlands/Watershed:

The majority of the subject is not affected by wetlands, however the portion of the subject located closest to the Mississippi River is considered to be a Freshwater Forested/Shrub Wetland.

Environmental Issues:

We were not provided a Phase I Environmental Impact Assessment. However, no adverse environmental conditions were noted upon inspection.

Encumbrance/Easements:

There are 8 servitudes that are legally described pertaining to the subject property. These do not appear to impact the marketability of the property and are mostly related to utilities servicing the area.

Comments/Conclusions:

The site is of adequate size and shape to accommodate a variety of large scale uses.

MARKET AREA ANALYSIS

(Economic Base Analysis)

An essential part of every appraisal is an analysis of the subject's regional or local market area with the focus on the neighborhood in which the appraised property is situated along with the components of the economic base in not only a general manner, but with specificity as they may relate to the property being appraised. Regions, neighborhoods and the market area are all studied under varying degrees of analysis. A broad regional analysis is typically a report on the climate, topography, natural features, governmental frameworks, economic base and the interrelations of these to the national and global economies in which we interact.

Definitions and Analysis Type:

A regional analysis is considered under an *economic base analysis* which is defined as: "A survey of the industries and businesses that generate employment and income in a community as well as the rate of population growth and levels of income, both of which are functions of employment. Economic base analysis is used to forecast the level and composition of future economic activity. Specifically, the relationship between basic employment (which brings income into a community) and non-basic employment (which provides services for workers in the basic employment sector) is studied to predict population, income, or other variables that affect real estate values or land utilization."

A more specific analysis is that of the immediate area or neighborhood in which a property is located. The term "neighborhood" is defined in the <u>Dictionary of Real Estate Appraisal</u>, <u>6th Edition</u>, published by the Appraisal Institute, dated 2015, as "a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises." The boundaries of a neighborhood can be identified by determining the area within which the four forces affect all properties in the same manner. A clear distinction can be drawn between a neighborhood and a district. A district is a type of neighborhood that is characterized by homogeneous land use. A residential neighborhood, for example, may contain single-family homes and commercial properties that provide services for local residents. Districts are commonly composed of apartments, commercial, or industrial properties. The four forces which create, modify, and destroy the value of real estate are: social trends, economic circumstances, government controls and regulations, and environmental conditions.

A "market area analysis" is defined as: "The objective analysis of observable or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors." Under the hedonic model testing for the market and the marketability of the subject being appraised, the four sets of considerations that influence value are then analyzed using any of four levels of analysis which are commonly known as Level A, B, C or D. Levels A and B are inferred analyses in which very basic data sets may be analyzed and from which inferences may be drawn regarding value. Inferred analyses are applicable within a static data set or the absence of major shifts in trend lines.

Levels C and D analyses are more complex and are considered fundamental in that they draw on confirmed and verified data which relates to the four considerations impacting value from which obvious conclusions result and are not dependent on inference alone. Based on the *Scope of Work* under which this appraisal assignment is made, one of the four levels of analysis is performed, and in this case, a Level A Analysis has been performed.

Economic Base and Trends (National):

The most relevant trends, for our purpose of analyzing the economic base, are interest rates, real property prices, the illusive issues of GDP and consumption, and employment. Real estate markets nationwide are subject to the multitude of pressures and influences created by this interplay.

Interest Rates:

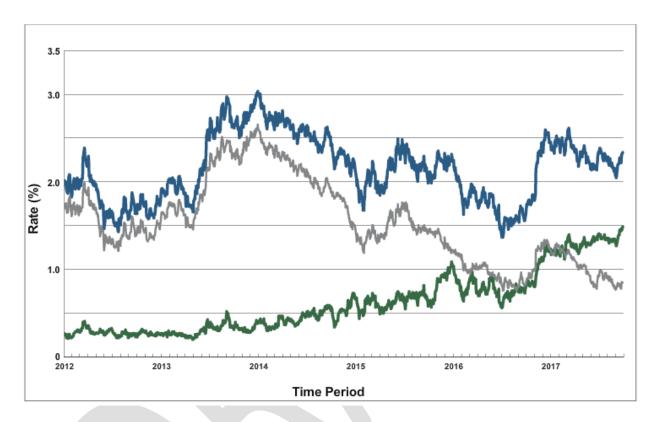
The Federal Reserve raised short term interest rates for the first time in nearly a decade in December of 2015. While the increase was small, a quarter of one percent, from a range of 0% - 0.25% to 0.25% - 0.5%, the immediate effects were thought to portend and be felt in many industries with anticipated increased cost of capital. It is also anticipated that another three interest increases similar to the recent increase of 0.25% will occur during 2018, raising the overall rates for short term instruments. The *Kiplinger Report* suggests that overall, rates will not reach 3% until 2020. The Dow Jones Industrial Index tends to respond to actions by the Fed, although the recent rise in December of 2016 appears to have had no negative impact on the market indices. From their meeting in January 2018, The Federal Open Market Committee determined that they will maintain the federal fund rate from a range of 1.25% to 1.5% that were implemented on December 14, 2017.

Notably, the results of the recent presidential election appear to have contradicted many pundit's forecasts. With Donald J. Trump, as president, the DOW Industrial average has risen to historic levels, almost breaking 25,000 in December 2017. The current president won a huge victory by bringing the first significant tax reform to the American people since 1986. Although unable to forecast accurately the impact of this reform, pundits suggest with a lower corporate tax rate, full scale deregulation at the federal level, simplification and lowering of personal income tax rates, strong trade policies favoring the United States, strict enforcement of immigration policies, and a plethora of other offerings from the West Wing, the US economy should grow out of the moribund and hide bound overall GDP growth of an average of 2% per year under the previous administration. In this regard, much remains to be seen. Notably, general business sentiment appears to be growing. According to *Moody's Analytics Survey of Business Confidence*, "business sentiment is strong and consistent with an economy that is expanding just above its growth potential".

Even with the recent interest rate increase by the Fed and future increase expected, interest rates have been at historically low levels, with US Treasuries remaining at or near all-time lows with the 10 year note under holding steady over the past two months at 2.32% to 2.49%. Interest rates are expected to generally remain low through the sorting out period that is sure to follow with a new

president, the troubles in the Euro Zone, upcoming European elections favoring populist candidates and the continued Brexit angst.

The chart below is from the U. S. Department of the Treasury, records historic rates and the treasury yield curve, noting the ten year rate is the bench mark for real estate lending.



The key to the above chart depicts the 2-year nominal rate in green, the 10-year nominal rate in blue and the difference in grey. As can be seen, the spread between the two has reflected a clearly symbiotic relationship through mid-2015 with a dominant preference in the difference for the 2-year yield curve through 2016 continuing to the present. This suggests a trending of the difference to favor the 10-year curve suggesting higher short term rates. With all this said, our reality is the top rates for the 10-year hovering between 2.5% and 3% is still reflective of historic lows when compared to "normal" cost and experience for long term real estate lending based on the 10-year treasury rate. In short, although the cost of borrowing for CRE (commercial real estate) will rise, the increase is not presently viewed as a major impediment to continued CRE investment.

We might expect to see a lessening in the compression or lowering of going in capitalization rates on investment real estate; yet, even this may be tempered should a positive overall business sentiment continue to influence the economic outlook once the initial jerks and spikes settle down from a most unusual election cycle and the breakneck pace the new president has approached his job.

The trending to increased cost of funds for real estate investment, with the offering of a still low rate environment as a safe haven in treasuries, money managers and investors will still find themselves under pressure to chase yield.

The result of this can manifest in cap rate compression, higher PE ratios, and perhaps a deadened sense to being "risk off" when warranted, especially in light of a generally high business sentiment index.

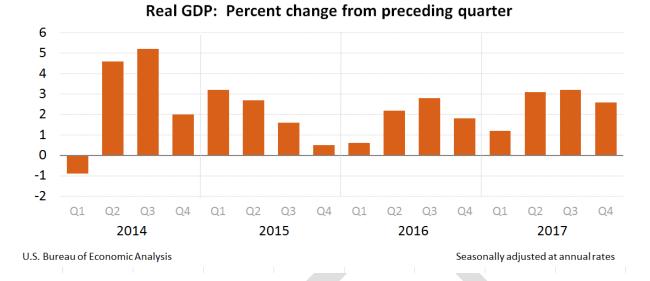
Low interest rates are viewed as generally positive for real estate. The resulting issue of bubble mania that can result can lead to major problems associated with cyclical corrections.

A big question still remains: Although the music score has changed, "when will the music stop"?

Economic activity in the United States has continued to expand at a moderate, if somewhat uneven pace. The New Year will bring a new head of the Federal Reserve, Jerome H. Powell, who is President Trumps choice to lead the central banking system. In his remarks to the House Financial Services Committee in Congress, Mr. Powell said the job market and business investment continues to strengthen, and that headwinds once holding back the American economy had now turned into tailwinds. Mr. Powell said the Fed will, "continue to strike a balance between avoiding an overheated economy" and continuing to allow inflation to tick up towards their target of 2% annually. He then commented on how to accomplish these initiatives, "Further gradual increase is the federal funds rate will best promote attainment of both of our objectives." This emphasizes that he plans to continue the policies of his predecessor, Janet Yellen, by gradually raising rates while still encouraging economic growth.

The Fed is expected to have three rate increases in 2018, however, when asked about on Capital Hill, Mr. Powell did not want to prejudge a number of rate increases, instead he answered "We've seen continuing strength in the labor market. We've seen some data that will, in my case, add some confidence to my view that inflation is moving up to target. We've also seen continued strength around the globe, and we've seen fiscal policy become more simulative."

With revised Real GDP numbers of 2.6% for Q4, 2017, we are primed for a strong 2018. The following chart tracks Real GDP, adjusted for inflation, which remains at historic lows.

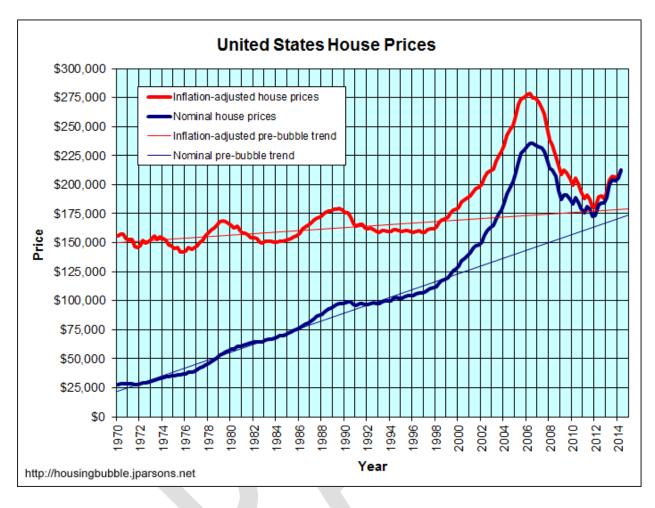


The above chart shows that with the previous administration, GDP was at the lowest sustained level during any prior presidency. On the other hand, President Trump and his team of economy advisors, envision economic growth in the coming year to be robust, and certainly higher than it has been experienced over the previous administration. Others suggest average growth to be modest; and still others, notably Janet Yellen –former Fed Chairwoman suggest 2% to be the norm for the foreseeable future. No one appears to know. Many believe that should the president be able to lower corporate and personal tax rates (which he has already accomplished with The Tax Reform Act), set in place policies that allow for increased employment, and greatly reduce the burden of regulatory compliance, then the sky is the limit. A prudent person might conclude that it is still too early to properly conclude what will be the results of a totally new political environment in Washington D. C. In the real theater of human endeavor, the work-a-day world of Middle America is awaiting a change for the better.

Real Property Pricing:

Real property values appreciated approximately 85% from 1997-2006, the only time in history that real property values outpaced inflation by more than 25%. However, in mid-2007 the real estate bubble burst, resulting in the largest collapse in the real estate market in almost 100 years. The National Association of Realtors stated that 2007 was the largest drop in existing home sales in 25 years.

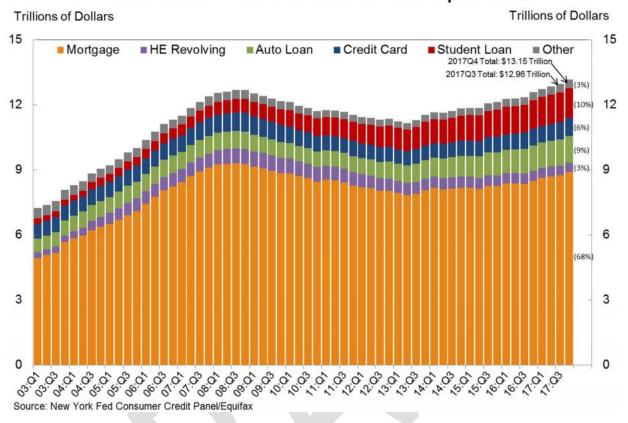
The extreme expansion in real estate pricing beginning more than a decade ago was created by a variety of factors, but none bigger than the loose credit standards of major lenders in response to the growing popularity of risky mortgage-backed securities, called collateralized debt obligations (CDO's). This added to the increase in household debt that was fueled by massive consumer borrowing, low interest rates, speculative fever, and excessively high debt levels associated with home mortgages.



According to the *Bank Credit Analyst*, November 2010, the ratio of debt to household income nearly doubled from 68% in 1980 to a peak level of 130% in 2007. These extremely high levels of debt led the United States, as well as the rest of the world, into one of its longest and deepest recessions in its history. According to the Federal Reserve report dated December 2017, aggregate household debt balances increased in the 4st quarter of 2017 with total aggregate debt of \$13.15 trillion.

The continued increase in student loan debt to \$1.31 trillion and auto debt to \$1.2 trillion still suggests unresolved debt issues noting the less than spectacular overall GDB numbers for the reporting period. On the following page is a graph depicting household debt through 17: Q4.

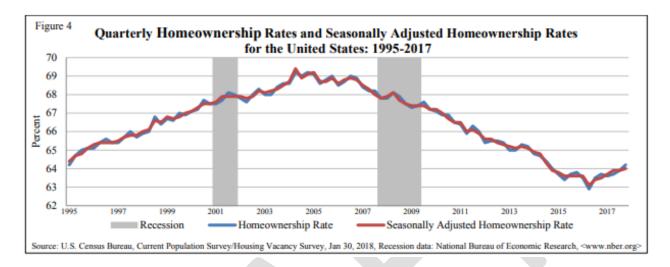
Total Debt Balance and its Composition



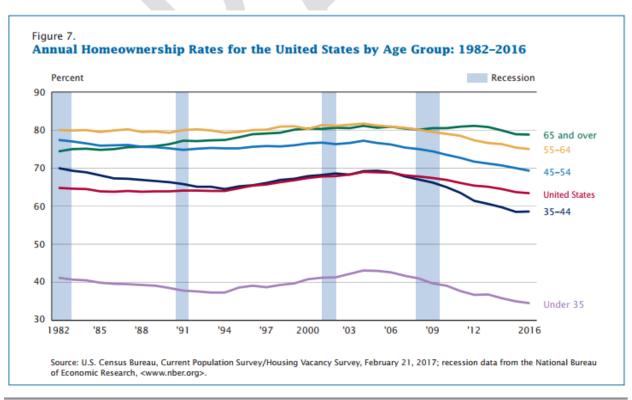
As indicated from data from the end of Q4 2017, mortgage balances, the largest component of household debt, increased in the fourth quarter. Mortgage balances shown on consumer credit reports stood at \$8.88 trillion, a \$139 billion increase from Q3. In 17:Q3 Balances on home equity lines of credit (HELOC) continue to drop to \$444 billion, down \$24 billion from a year earlier.

Generally speaking, the US real estate market bottomed out in early 2012 and has since undergone a slow recovery. However, it is important to realize that a healthy recovery does not mean that real estate markets will revert to the same characteristics as seen a decade ago. Although the existing supply of new homes for sale in the US is shrinking and home prices are trending up, 2015 was a continuation of the prior year with the housing market still in a state of recovery.

According to the US Census, homeownership at the end of Q4 2017 remains low at 64.2.7%, but is up 0.5 percentage points from a year earlier.



This drop extends a trend from the last housing boom with first time buyers being squeezed out of the market place due to affordability issues. Further, the graph below depicts a consistent decline in homeownership for the younger millennial generation, stifled by student loan debt and a lack of wage increase since The Great Recession.

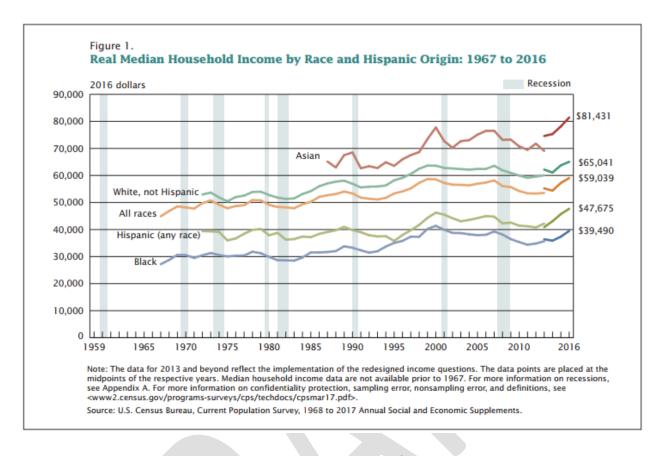


Household Income:

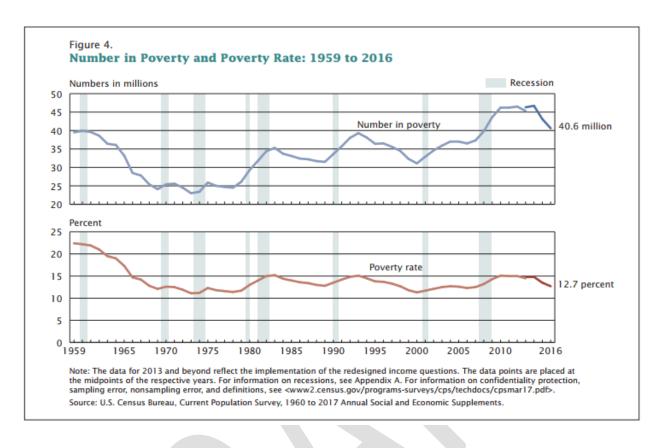
American household income has been problematic as it has been outpaced by inflation. According to a *US Census Bureau* report, *Income and Poverty in the United States: 2016*, the real median household income increased 3.2% between 2015 and 2016. The number of full time workers increased by 1.2 million in 2016. The official poverty rate fell by .8% between 2015 and 2016. On the other hand, median household income was 8.3% lower in 2014 than in 2007, the year before the most recent recession. However, between 2011 and 2012 median household income only decreased by 0.2% suggesting stabilization. Even with the announced economic recovery, it appears the trend for median household income is continuing its slow growth through 2016 as shown in the graph below. From 2015 to 2016 there was a 3.2% increase in median household income.

The 2012 poverty rate was 15%, which is 2.5 percentage points higher than in 2007. The 2016 announced poverty rate dropped to 12.7% down from the previous high but still at a very elevated level. However, this is the second consecutive decline in poverty; since 2014 the poverty rate has fallen 2.1%. As the overall poverty rate continues to improve across the U.S., including those in the Southern region and outside of metropolitan areas, the 65< age group's poverty level continues to increase.

With a reported 40.6 million persons now classified as living in poverty, this is a looming negative issue that presents itself in terms of the ongoing economic recovery.



The median household income for all races is reportedly \$59,039, up 3.2% for 2016. There are variations based soley on race as reported above.



According to the US census most recent reporting, there are currently 40.6 million people living below the poverty level in this country with an overall poverty rate of 12.7%, down .8% from 2015.

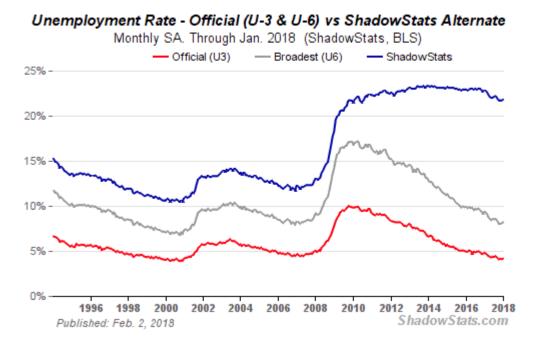
Unemployment/Inflation:

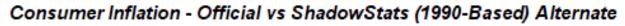
According to the *US Bureau of Labor Statistics*, total nonfarm payroll employment rose by 2.1 million, or 1.4%, the year ending December 2017, and the unemployment rate was reported as being 4.1% The official numbered of unemployed persons stood at 6.6 million, noting this counts only those considered to be in the job market. It is important to recognize this number does not include the number of people who are no longer receiving unemployment benefits, those who have simply stopped looking for work, and those who are marginally employed.

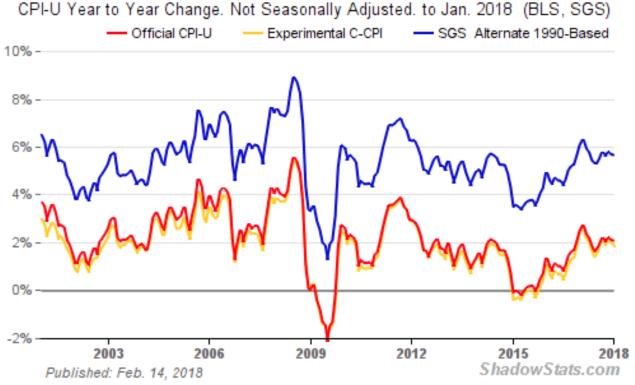
The number of long-term unemployed (those jobless for 27 weeks or more) was essentially unchanged at 1.4 million people, and has shown little movement since the beginning of the year. The labor participation rate is at an all-time low of 62.7%.

As reported by Shadow Government Statistics the current, alternate unemployment rate for August 2018 is 21.8 percent or almost 5 times the official monthly reported unemployment rate. The rate of inflation reported by this website suggests a rate of inflation running at 5.9%, well above the official rate reported by the government of 2.1%. It is interesting to note that whether official or unofficial, inflation appears to be trending up. When the official unemployment and inflation rates are paired as a "pain threshold index", the official rates and those portrayed by <u>Shadow Government Statistics</u>, differ widely as is depicted in the charts below and on the following page.

The ShadowStats Alternate Unemployment Rate for January 2018 is 21.8%.







Commercial Real Estate Markets:

After the 2007-8 credit collapse and related financial displacements, US commercial real estate (CRE) values appear to have troughed in early 2012 and real estate in distressed regions outperformed treasuries for the first time since the recession began.

The 2nd Half CBRE Cap Rate Survey suggested the following:

U.S. cap rates in the second half of 2017 either largely stayed the same or increased from the prior survey.

Among the major commercial real estate sectors:

- The industrial sector remained the most stable of all. Several metro markets reported small decreases in cap rates.
- CBD office also held its value fairly well. However, suburban office cap rates, on average, increased by 10 basis points (bps). Expected returns on cost for value-add CBD Class A office properties had a slight tightening in cap rates.

 The multifamily sector continued to reflect the lowest cap rates among the major property sectors, while hotels had the highest. Both the multifamily and hotel sectors experienced only small cap rate increases from the prior survey.

The 2017: Q4 *Realty Rates* report states that "During the 3rd Quarter of 2017, movements in operating fundamentals were overall positive for all property types in most markets nationwide. Overall capitalization rates were down somewhat for all property types in most markets except Offices Buildings, which were up slightly from the prior quarter, and Anchored Retail which were unchanged from the prior quarter. Meanwhile, average sales prices moved up somewhat for all property types in most markets." Further, "The general feeling noted over the last year that the commercial markets will continue to improve has once more returned in spite or perhaps because of the uptick in interest rates that appears to have enhanced financing possibilities. However, consumer spending and the shift to online purchasing and their combined effect on the Retail sector continue to be a concern."

The following chart provided by (Situs RERC 2017: Q4) details current cap rate covering the spectrum of CRE.

CURRENT QUARTER INVESTMENT CONDITIONS AND CAPITALIZATION TECHNIQUES – 4Q 2017

	INVESTMENT CONDITIONS ¹								INCOME APPROACH ²			CAP RATE ³		
	40 2017		30 2017		40 2016		40 2015	,	Direct Cap.		DCF	Before Reserve		After Reserves
Office - CBD	6.5	1	5.4	1	5.3	1	6.0		4.7	1	9.1	78%	- 1	22%
Office - Suburban	4.8		4.4		5.3		5.2		5.9		8.9	78%		22%
	8.3				6.3						9.2			
Industrial - R&D	6.0		5.8				5.3		4.2					
Retail - Regional Mall	5.3		4.8		5.4		4.8		3.8		9.6	71%		29%
Retail - Power Center	5.0		3.9		5.3		5.1		2.5		8.5	71%		29%
Retail - Neighborhood	5.8		5.6		5.9		6.3		4.0		9.8	71%		29%
	6.0													
Student Housing	6.0		5.2		5.3		5.7		4.4		7.2	14%		86%
Hotel	5.0		5.3		5.3		5.8		5.3		9.4	33%		67%

Based on a recent informal survey during a panel session before *The Counselors of Real Estate* at their recent annual convention held in Washington DC, there was an evenly mixed set of opinions with some suggesting recession within two years and some suggesting things were going to improve overall over the next two years. In general, the downward pressure on cap rates over the past several years is attributable to greater buyer interest coupled with affordable financing for qualified buyers. This trend accelerated as a result of the Federal Reserve's efforts to keep interest rates at historic lows. Looking forward, cap rates are expected to shift upwards as interest rates are expected to steadily rise, and/or corrections occur. The generally mixed opinions suggest a

continuation of the past, noting attention will be paid to the likely changes that are coming in the cost of funds associated with financing CRE.

Conclusion:

"Better days ahead" has been a mantra of forecasters since the Great Recession, and with a most markets supporting a strong 2017, the outlook for continued growth in 2018 is bright.

The current administration has completed their first full year in office, and has made splash with everything from tax reform, to deregulation, and immigration. The Tax Reform Act passed in this quarter, brought the corporate tax rate down to 21% and ignited corporations to bring jobs back to the United States and pass saving off to employees. One can expect that these saving will also transfer into investment in infrastructure which could be a significant payoff for CRE.

Tax savings also were passed on to individual investors, who may be inclined to diversify portfolios. The stock market continues to climb into the new year on the heels of Trump's election, however for some time analysts have been calling for a correction that may scare some out of the market. Healthy cap rates will continue to lure investment into commercial real estate.

Under the previous administration, predictions were viewed through a lens of skepticism. In 2013 debt limit brinksmanship, a government shutdown, ongoing financial crises in Europe and unemployment all contributed to preventing the arrival of these illusive better days. As 2016 closed, many of these restraints dating from several years ago remained as obstacles to economic growth.

At the Federal Reserve, "kicking the can down the road" was an appropriate and heavily used analogy for actions on debt issues throughout the aftermath of the Great Recession. Two debt ceiling suspensions and one short-term debt increase occurred to ward off a United States Treasury default and more deadlines loomed in early 2014. By the end of 2014, the new congress was hurriedly passing the 2015 fiscal budget before the Christmas break. While the possibility of another federal government shutdown was adverted, the debt ceiling and related political posturing did rear its head.

In 2018 there will be a new Chairman of the Federal Reserve, Jerome H. Powell. Mr. Powell's resume goes in line with the majority of Mr. Trump's other financial appointments, coming from a private sector career in investment banking career. As stated above, Mr. Powell does intend to slowly rate interest rates, while working towards a 2% inflation rate. Mr. Powell's outlook on the US economy is positive and will work to maintain a GDP growth rate of 3%.

There is still partisan gridlock on Capitol Hill, which makes Trump's victory on tax reform even more impressive. With this recent reform, it does appear that we have entered the beginning of a new

era in our nation's capital. We would not be surprised if a significant difference in the environment of business as usual changes dramatically under the new regime.



Irrespective of the data sources surveyed, there is little doubt the U.S. recovery in real estate was fragile during the initial stages of the general economic recovery. When the economic cycle accelerated and its range extended, Wall Street was happy even though on main street sentiment was very mixed. Today the unemployment rate is at its lowest since 2008, and the current pickup in hiring is spurring an increase in the labor force, as more would-be workers are encouraged to once again start looking for jobs. If hiring continues to increase, optimism among out-of-work individuals will increase, and the overall workforce will expand. This means the unemployment rate will tick-up temporarily before it can trend down over the long term because of the return of many job seekers.

Many private sector balance sheets are flush with cash due to increased profits and the halt in significant capital expenditures, which could lead to higher compensation for corporate executives. Homeowners in the upper tier pricing of the market tend to follow the school calendar year when buying or selling homes and recreational properties, and last summer was bullish for the very high end real estate market. On the other hand, the relative lack of corporate capital expenditure, which includes significant hiring, has had a negative trickle-down effect to the median to low level housing market.

Although perceived as a relatively safe, transparent investment industry, the market for real estate is still considered as somewhat stagnant in many areas of the country due to record numbers of home foreclosures, tightened credit availability, and a still comparatively low level of new construction activity in both the housing and commercial real estate markets. Although speculative real estate investors have started increasing allocations to real estate acquisitions and development, many would-be investors remain on the sidelines or are committed to high quality income producing real estate in large markets.

In 2018, a politically divided America is still apparent. While the new administration was heralded as business friendly with major policy changes on the horizon, thus far deregulation of existing burdensome rules have been scaled back largely through executive orders despite Republican control of both legislative houses as well as the White House. Significant progress on major legislation has largely stalled with major issues such as a roll back of unfavorable trade policies, repeal and replacement of the Affordable Care Act and an effective and enforceable immigration policy still await significant action.

With a Fed policy of a rise in interest rate over the past year, current public debt levels, unsettled global flash points including major concerns about the fallout of Brexit and existing high levels of unemployment in Europe, a prudent analyst might well portend a view of cautious growth in select real estate markets; yet, overall economic growth rates both domestically and abroad continue to be favorable. US stocks continue to push higher under the new administration with the S&P 500 surging to 6.12% in the fourth quarter 2017. The continued growth marks the ninth year of a bull market which leads many analysts to surmise that a correction looms, however as a recent *Business Insider* article noted, "the stock market as it stands today should be viewed through a lens unique to history, since it's dealing with some unprecedented circumstances."



MARKET AND MARKETABILITY ANALYSIS (Level A Analysis)

Through 2017, the US real estate market continued its recovery after bottoming out in early 2012. The prevailing opinion among market participants is that the economy will stay on its current course for the foreseeable future and that the slow and spotty recovery is the new normal at the national level; however, in many markets commercial real estate is reaching pre-recession levels. In Louisiana, the general sentiment is cautiously optimistic. The focus of our analysis is the market for similarly positioned industrial sites in the Plaquemines Parish market. Putting the snapshot of the national economic base in the proper perspective is the backdrop of the regional economic base. Given the optimistic yet fragile outlook for the economy, it is important to focus on the historic nature of the regional base, one tied to the public employment sector, natural resources, agriculture, port industry, and tourism.

The subject property is situated in Ironton, Louisiana, a small community located approximately 21 miles south of New Orleans on the west bank of the Mississippi River. Historically, the community has had a majority-black population, and during the long reign of segregationist, Leander Perez, Ironton was denied basic infrastructure developments that were granted to similar white communities in the area. Ironton was not provided running water by the parish until 1980. Like most of the communities in this area, Ironton was devastated by Hurricane Katrina in 2005 and the resulting storm surge. Currently, Ironton, is viewed as one of the most vulnerable communities on the gulf coast with the threat of rising seas, sinking land, and coastal erosion.

The five steps employed to assess the market and marketability for the subject property are titled as follows:

- Market Area Delineation
- Property Productivity Analysis
- Supply and Demand Analysis
- Interaction of Supply and Demand
- Forecast of Subject Capture

A truncation of these sets presents the analysis in three broad categories, namely the market area delineation, the property's productivity along with its competitive advantages and disadvantages, and a supply/demand analysis, the interaction therein with our forecast for absorption forecast, or subject capture rate.

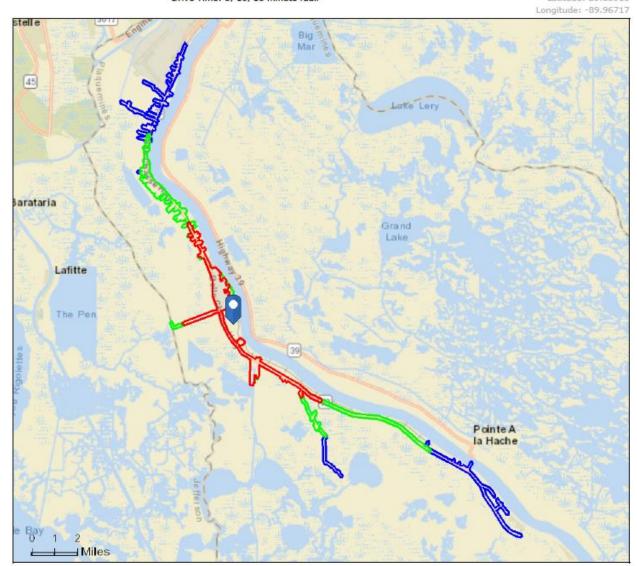
On the following pages, we present a pocket analysis of the subject's market area with regard to demographics, income statistics and other pertinent data within 5, 10, and 15 minute drive times from the subject. The demographic data contained on the following pages is shown as excerpted from a report generated using the *Site to do Business* (www.STDBonline.com).



Site Map

70083, Port Sulphur, Louisiana Drive Time: 5, 10, 15 minute radii

Prepared by Esri Latitude: 29.65913







Market Area Delineation & Property Productivity:

The subject property's market area has been delineated as a fifteen minute drive time area that encompasses a stretch of LA Highway 23 spanning from Belle Chasse to Port Sulphur. As am industrial site property, we consider a fifteen minute drive time to be an applicable delineated market area. The neighborhood surrounding the subject property is bounded by the Mississippi River to the north and east, and LAHighway 23 to the south and west. The pertinent demographic information for this delineated market area is presented in the table below.

Demographic Analysis 70083, Port Sulphur, Louisiana										
Population										
	5 minutes	10 minutes	15 minutes							
2010 Population	317	1,992	3,399							
2017 Population	319	2,002	3,459							
2010-2017 Annual Rate	0.09%	0.07%	0.24%							
2022 Population	319	1,996	3,493							
2017-2022 Annual Rate	0.00%	-0.06%	0.20%							
Media	an Household Incor	me								
	5 minutes	10 minutes	15 minutes							
2017 Median Household Income	\$54,751	\$79,403	\$63,999							
2022 Median Household Income	\$65,162	\$93,799	\$76,670							
2017-2022 Annual Rate	3.54%	3.39%	3.68%							
Avera	ge Household Inco	me								
	5 minutes	10 minutes	15 minutes							
2017 Average Household Income	\$73,207	\$87,722	\$76,973							
2022 Average Household Income	\$82,468	\$100,656	\$87,787							
2017-2022 Annual Rate	2.41%	2.79%	2.66%							
Per Capita Income										
	5 minutes	10 minutes	15 minutes							
2017 Per Capita Income	\$26,087	\$30,247	\$28,295							
2022 Per Capita Income	\$29,491	\$34,607	\$32,279							
2017-2022 Annual Rate	2.48%	2.73%	2.67%							

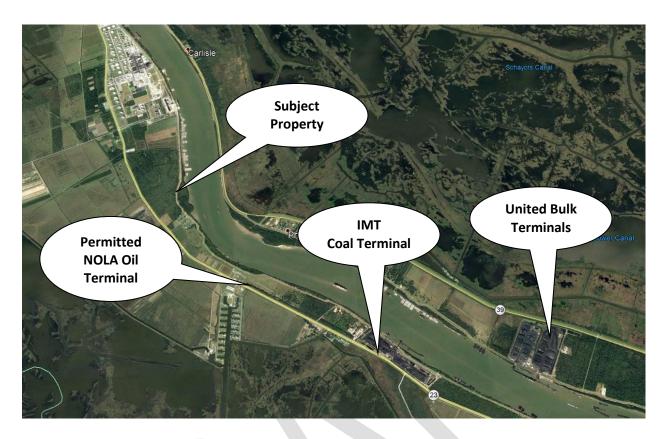
Overall, the population in the subject's immediate market area is experiencing a stage of zero growth while the population in the subject's greater market area is experiencing a stage of slight growth.

The average household income in the subject's immediate market area and in the subject's greater market area is experiencing a stage of growth. It is below the national average of \$83,143 in the subject's greater market area and the subject's immediate area.

The property consists of a large parent tract located along west of Highway 23, also known as Belle Chasse Highway, in Ironton, Louisiana. Highway 23 provides ease of access to and from the subject parcels. In fact, it is a major thoroughfare that traverses the West Bank of Jefferson Parish and parallels the Mississippi River within Plaquemines Parish. Additionally, it intersects many of the area's major roadways, including Gretna Boulevard, Terry Parkway/Wall Boulevard, Behrman Highway / Lapalco Boulevard, and Engineers Road further north of the subject. The subject property is located on Highway 23 directly south of the Naval Air Station Join Reserve Base of New Orleans, which is a major stabilizer within the area.

The subject property is specifically located on the West Bank of the Mississippi River just south of the Alliance Refinery. Phillips 66's Alliance Refinery has been operating approximately 25 miles south of New Orleans in, Belle Chasse, since 1971. The refinery employs about 850 on-site contractors, and processes mainly light, low-sulfur crude oil and can receive foreign crude oil by pipeline connected to the Louisiana Offshore Oil Port. The refinery distributes their refined products to customers in the eastern United States through major comer-carrier pipeline systems. The proposed Bayou Bridge Pipeline, of which Phillips 66 is 40% owner, would begin in St. James Parish, connect to the Alliance Refinery, then cross the Mississippi River and turn north to service other refineries in St. Bernard Parish. The project has sparking litigation and strong opposition from environmental bodies, as the pipeline would cross through wetlands in the Barataria Basin and Breton Sound Basin. According a NOLA.com article, "The U.S. 5th Circuit Court of Appeals has allowed construction of the pipeline to continue while the appeal is heard in federal court."

Aside from the refinery to the north of the subject property, the surrounding land uses included rural applications, as well as several permitted coal export terminals.



The subject property is located in a highly desirable location surrounding by a cluster of terminals related to oil and gas activity.

The subject property is an ideal site for a number of potential industrial applications.

There have been plans for portions of the site toe utilized for the Mid-Barataria Sediment Diversion Canal. This project is still in the permitting states and could theoretically result in the loss of site area for this project. That said, the ample site area and utility afforded to the subject property due to its shape would likely allow for such a project to take place and provide for future industrial developments. Given the fact that the permitting of this project has not been finalized and it could take until the mid-2020s to receive said permitting, it is difficult to determine whether this has any impact on marketability. One thing to consider is the fact that any takings by the U.S. Army Corps of Engineers would should legally result in just compensation and the subject property would undoubtedly have the ability to still accommodate a major industrial development.

The shape of the subject site also lends itself very well to the proposed use for a few reasons. The site reportedly has minimal wetlands, which will need to be mitigated. This reduces costs for proposed development

The physical attributes of the site also make it a very marketable tract for a number of proposed uses, as it is likely a Panamax rated site. The expansion of the Panama locks will greatly increase capacity for moving cargo, including oil and other petrochemical products, around the world.

The new standards will allow ships to carry nearly double the tonnage that is currently possible. In response to the new locks, many ports around the world have begun to upgrade their facilities to accommodate these larger ships. The subject property's location far downriver and at a location with river depths of 100 feet will allow these larger ships to utilize the terminal for transfer of liquid materials.

The subject is also located just south downriver of the ConocoPhillips Alliance Refinery. This is a large refinery with a crude oil capacity of 247 MBD which process mainly light, low-sulfur crude oil which it receives domestically from the Gulf of Mexico via pipeline and internationally via a pipeline connected to the Louisiana Offshore Oil Port (LOOP). Of note and relevant to this analysis is that the ConocoPhillips Alliance Refinery plans to connect via pipeline to the proposed subject property to utilize their export docks, which have post-Panamax draft capacities, and are also that much closer to the Gulf of Mexico itself. This eventual connectivity will tie the subject into a vast network of pipelines serving the entire United States.

The area of the subject property is also undergoing a transformation to more industrial-oriented uses. One involves the Plaquemines Parish Port Harbor & Terminal District, which has acquired one large site and is eyeing additional surrounding properties for a large-scale, multi-modal port which they hope to develop over the coming years.

This property is located a few miles further south of the subject property, and would be a game-changer for the entire market if the plans come to fruition. Of note specifically to the subject is that an extension of the railroad which borders Highway 23 is planned to these sites, which would mean it would cross directly in front of the subject site and provide rail access in the future.

While we have not been able to confirm directly with a party involved, it is rumored that the Port is in negotiations with an entity that would develop a portion of the property they have acquired with an LNG export facility. In 2017, Venture Global LNG announced that they will construct a liquid natural gas facility, Plaquemines LNG, in southeast Louisiana to complement their plant under development in Cameron Parish. Plaquemines LNG, is a proposed liquid natural gas processing facility located about 30 miles south of New Orleans, on a 632-acre site on the west bank of the Mississippi River with 7,000 feet of river frontage. The facility expects to produce 10 million metric tons of LNG per year. Once complete, the liquefaction facility will consist of 18 liquefaction blocks, four 200,00 cubit-meter LNG above ground storage tanks, and includes three marine loading berths for ocean-going ships capable of receiving LNG carriers up to 185,00 cubic meters in capacity. The project will also encompass the construction of two pipelines to tie the facility into existing interstate natural gas pipelines. The facility is projected to employ approximately 1,500 construction workers, create 300 long-term direct jobs with an average salary of \$70,000, and 728 new indirect jobs in the region. The project is expected to commence in the middle of 2019, be fully operational by 2022, and cost 8.5 billion dollars to complete. When asked about the new facility, Bob Pender, Venture Global co-CEO, said, "From the very inception of our LNG export terminal project in Cameron, Venture Global LNG was and remains convinced that Louisiana is the best place in the United States to develop such important infrastructure projects."

Of special significance to the subject property, is the recent lifting of the ban on U.S. crude oil export by the U.S. Congress in December 2015. The ban, which was imposed in 1975 in response to the devastating economic shocks caused by the OPEC oil embargo, stopped the vast majority of crude export from the U.S. for the last forty years. While there were some exceptions to exportations to Canada and from some designated places in Alaska, the ban successfully shut down U.S. oil exports, especially in the Gulf Coast region. Pressure for lifting the ban came largely from the significant increase in domestic oil exploration and production and the resulting stockpiling of domestic crude oil.

Since the ban was officially lifted December 31, 2015, there has been a rush by many players in the industry to begin crude exportation. As of the date of this report, there have already been export shipments to Europe and China, among many other places.

The Louisiana Offshore Oil Port (LOOP), which is a major point of entry for imported oil for the entire U.S., does accommodate the docking of large tankers capable of exporting oil overseas. However, at the current time the port is designed entirely for imports, with a 48-inch pipeline running from the offshore port to mainland storage facilities. In order for LOOP to become a viable export port, the pipeline would have to be reconfigured to flow both ways or a parallel pipeline would have to be constructed. Either option represents a significant capital expenditure and would not be ready and operational in the short term. Overall, the lifting of the oil ban represents a promising opportunity for the domestic oil industry; however, this opportunity will not be fully realized in the short term due to economic and infrastructural constraints.

The subject site has the potential to serve as an oil/gas export facility based on the already-proposed infrastructure, and the lifting of the crude export ban bodes well for its marketability moving forward. Even with the current depressed nature of oil prices, a project such as the subject is long-term in scope, and the relatively short period in which the price of oil is forecasted to remain low should not significantly impact its value at this time.

Supply / Demand Analysis and Interaction:

Analyzing supply and demand for acreage tracts such as the subject can be problematic, as there is only a finite supply of truly comparable properties, and sales activity is fairly limited due to the scope of the eventual development projects which the sites can support. The tracts are generally not listed on the open market, and deals are typically put together between parties in off-market transactions.

There have been a handful of transactions of large acreage tracts in the immediate vicinity in recent years, though most have different property characteristics, and the buyer's motivations were thus slightly different. Two notable sales were large sites located between Highway 23 and the Mississippi River levee which also included significant frontage along the river itself.

One notable acquisition was the IMT acquisition in August 2012 of two tracts of land on either side of their facility. The sites include a total of 167.1 acres of usable area between the Highway and levee and a total of 7,905 linear feet of river frontage, plus additional acreage that was in the marsh and not usable. The purchaser had already been leasing the batture for barge fleeting, and when it became available for sale they simply could not risk losing the use of the land and had to make the purchase. They continue to utilize the riverfront property for barge fleeting, and reportedly have no immediate plans for the usable land. The total purchase price for this property was \$14.5 million.

Additionally, the Plaquemines Port, Harbor, and Terminal District acquired a site, which is proximate to the subject, in December 2013 for \$9.5 million. This property includes a total of over 630 acres, with about 98 being between the highway and levee and about 450 lying south of the highway (and immediately adjacent to the subject). The balance of the acreage lies in the right-of-way for Highway 23 and the levee and batture. The site was acquired for eventual development of new port facilities, the specifics of which remain undisclosed.

We also note the sale NOLA Oil Terminal Site and the Davant United Bulk Terminals sale, both of which are discussed in our land/site valuation. This sales activity represents a resurgence in demand for sites with the potential for large-scale industrial development in the area which had been basically non-existent for decades. The last major industrial project requiring a site with the magnitude of the recent sales was the Alliance Refinery in the 1970s.

The pricing levels of these sales also reflect the growing demand for sites in Plaquemines Parish, which is a result of an increase in industrial activity throughout the region and also due to the scarcity of sites further upriver.

On the supply side, there are quite simply a finite number of large tracts of usable land on the West Bank of Plaquemines Parish, almost all of which is located within a few miles of the subject. A series of "back levees" were built in the area by the parish and private land owners over the years to render the area usable for cattle grazing and other agricultural uses, with the result being the two large swaths of drained land along the stretch of river in which the subject is located.

While these levees have not been sufficient in preventing flooding during recent hurricanes, the result is still dry land that could potentially be developed in an area which is still comprised largely of marshlands. Additionally, an agreement was reached in 2012 between the USACE and Plaquemines Parish to improve these levees for greater protection from storm surge. While the levees protecting the specific location of the subject property will still not be federal levees, they will be raised an average of nine feet which should substantially increase protection of the area.

In summary, there are only a handful of other sites in the area that could support the type of development that would be possible on a site the size of the subject property. This scarcity, coupled with an increased demand for land suitable for development, has resulted in upward pressure being placed on pricing in the area.

We have also considered historical demand for pure-batture sites up and down the river, as there certainly is a market for this property type as well. These sites are generally purchased for barge fleeting purposes, but can also be utilized for dock facilities by nearby landowners or when support land on the land side of the levee is also available or already owned.

Conclusion and Forecast for Subject Capture:

As discussed in detail within the property productivity analysis, the subject ranks as one of the most marketable tracts of land along the Mississippi River due to its various physical characteristics and the level of permitting already in place for industrial use. With this being the case, pricing should certainly fall in line with the average of truly comparable sales. The subject property falls towards the high end of the range in terms of acreage, which places downwards pressure on a market price per acre figure.

Based on the availability of data and the ranges of value indicators offered, our valuation process is based on analysis of eight (8) waterfront industrial sites from the subject's regional market area. The most applicable unit of comparison is price per usable acre, with the value tied to the river frontage built into this unit.

The one factor that could potentially inhibit the overall marketability of the property is the simple fact that the pool of potential buyers is somewhat limited due to the requirements of knowledge, expertise, business relationships and capital that are necessary to take this type of project from its current state through to eventual operational status. Nonetheless, the subject represents a truly unique site based on its physical characteristics and approvals in place, and would certainly be appealing if offered for sale on the open market.

HIGHEST AND BEST USE

The most recent interpretation of this concept which defines value in use in real estate defines the highest and best use of a property according to The Appraisal of Real Estate, The Fourteenth Edition, Page 332, as "the reasonably probable use of property that results in the highest value." The Fourteenth Edition goes on to say "to be reasonably probable, a use must meet certain conditions:

- The use must be *physically possible* (or it is reasonably probable to render it so).
- The use must be *legally permissible* (or it is reasonably probable to render it so).
- The use must be financially feasible.

Uses that meet the three criteria of reasonably probable uses are tested for economic *productivity*, and the reasonably probable use with the highest value is the highest and best use." The level of analysis under the Highest and Best Use for the subject site is a level "A" analysis.

As Vacant:

When determining the highest and best use of the subject property, four factors must be tested, they are as follows:

- Legal Permissibility: the first consideration relative to determination of the highest and best use "as vacant" is to determine whether or not a proposed use would be allowed under the zoning designation in which the subject property is situated. The subject property is zoned FP, Flood Plain, which allows for a variety of uses so long as necessary permits from the parish and the US Army Corps of Engineers are obtained
- Physical Possibility: the next consideration relative to determination of the highest and best use "as vacant" is determine whether or not a proposed use would be physically possible relative to the shape and size of the subject site. The subject site has a marketable shape with 613.50 acres and over 6,000 linear feet of frontage along the Mississippi River. The site could physically accommodate a variety of large-scale industrial uses in line with the zoning designation and potential permitting in place.
- Financial Feasibility: this consideration is integral in determining the proposed use of a vacant site. This test determines whether or not construction costs and land acquisition are justified by the anticipated cash flows associated with a proposed subject property. Given the subject's highly desirable location, development of the site for some heavy industrial application would likely be financially feasible.

It should be noted that only a highly-capitalized investor with substantial cash reserves would be able to complete a project of this magnitude, limiting the potential pool of market participants.

• Maximum Productivity: this test determines the land use that would attribute the highest value to the land. The maximally productive use of the site is development of a heavy industrial application. This use is concluded to be the highest and best use of the property.

The market participants likely to purchase the subject property would be highly capitalized investors who could take the project and develop a fully-permitted industrial application.

The pool of potential purchasers is somewhat limited as a result, and would likely come from the national or international marketplace.

The exposure and marketing time is estimated to be less than twelve months if priced appropriately.

LAND/SITE VALUATION

The subject's land value has been developed via the sales comparison approach.

Sales Comparison Approach – Land Valuation

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

Land Comparables

We have researched eight comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources and verified by a party to the transaction unless otherwise noted.





Highway 18, St. James, LA 70086

MCECO ID 28922

ADDRESS Highway 18, St. James, LA 70086

DATE January 20, 2015

RECORDATION Book 469, Page 240

PARISH/COUNTY St. James

VENDOR Crown Financial, L.L.C.

VENDEE Esquivel Properties, L.L.C., Guillot Properties, L.L.C., RDK Gold

Properties, L.L.C.

SALES PRICE \$1,300,000

TERMS/FINANCING Credit Sale

ZONING Industrial

FLOOD ZONE A & X

VERIFICATION St. James Parish Clerk of Court

SITE UNIT PRICE \$2.32 PSF

SITE UNIT PRICE \$101,167 per acre

SITE SIZE 12.85 acres / 559,746 SF

LEGAL DESCRIPTION Tracts C-1, C-2, & two batture pieces, Sections 39 and 40,

Township 11 South, Range 15 East, Parish of St. James, State of

Louisiana

COMMENTS

The property includes 1,134 feet of frontage along the Mississippi River, which equates to a \$1,146 per linear foot. We spoke with one of the purchasers, Mr. Dickie Esquevel who noted that the site was purchased as an investment and subsequently leased for fleeting purposes. Mr. Esquevel was unwilling to disclose the lease information.

CONFIRMATION

Purchaser, Dickie Esquivel (225) 717-2665





Highway 41, Convent, LA 70723

MCECO ID 28929

ADDRESS Highway 41, Convent, LA 70723

DATE April 16, 2014

RECORDATION Book 465 Page 506

PARISH/COUNTY St. James

VENDOR Sugar Hill Batture Company, LLC

VENDEE Zen-Noh Grain Corporation

SALES PRICE \$910,000

TERMS/FINANCING Cash Sale

ZONING Industrial

FLOOD ZONE A

VERIFICATION St. James Parish Clerk of Court

SITE UNIT PRICE \$1.81 PSF

SITE UNIT PRICE \$78,993 per acre

SITE SIZE 11.52 acres / 501,811 SF

LEGAL DESCRIPTION A certain tract of land situated in Section 31, Township 11 South,

Range 3 East, St. James Parish, State of Louisiana

COMMENTS

We spoke with the seller, Mr. Mark Anderson, who noted that it was purchased by Zen-Noh Grain Corporation for barge fleeting. Mr. Anderson explained that Zen-Noh has a strong presence in this area and this particular tract had a strategic advantage for their operations and they were willing to pay a premium. Although the deed indicates a purchase price of \$750,000, we confirmed with the seller that the actual sales price was \$910,000.

We were not provided with a copy of the survey, but have utilized the St. James Parish GIS system to measure the property. We have determined that the property has approximately 11.52 acres with 485 feet of frontage on the Mississippi River, which has been utilized herein.

CONFIRMATION

Seller, Mark Anderson 225-715-9510



15100 Intracoastal Drive, New Orleans, LA 70129

MCECO ID 28127

ADDRESS 15100 Intracoastal Drive, New Orleans, LA 70129

DATE April 4, 2014

RECORDATION Instrument #2014 - 13613

PARISH/COUNTY Orleans

VENDOR Holcim (US) Inc., (Dundee Cement Company)

VENDEE Agrico Sales, Inc.

SALES PRICE \$1,000,000

TERMS/FINANCING Cash

ZONING H-I, Heavy Industrial

FLOOD ZONE AE & X

VERIFICATION Orleans Parish Assessor & Notarial Archives

SITE UNIT PRICE \$1.04 PSF

SITE UNIT PRICE \$45,249 per acre

SITE SIZE 22.10 acres / 962,676 SF

LEGAL DESCRIPTION A 26.81 acre portion of ground situated in the Third District in

New Orleans East, City of New Orleans, Parish of Orleans, State

of Louisiana

COMMENTS

This is the sale of a waterfront industrial site on the Michoud Canal, just off the Intracoastal Waterway in New Orleans East. It was purchased for the development of a large production facility.

We were not able to locate any parties involved with this transaction; however, the detail of the site and the purchase price have been researched through various online databases including the Orleans Parish Assessor's Office, Clerk of Court as well as satellite imagery.

The site contains a total of 26.81 acres; however, based on analysis of satellite imagery, this includes 25.60 acres of land area and 1.21 acres of water bottoms. In addition, 3.50 acres of the land area is subject to a servitude for the levee and as such, is not usable site area. Thus, the total usable site area of this parcel is estimated at approximately 22.10 acres or 962,676 square feet.

The site contains approximately 825 linear feet of deeded frontage along the navigable waterway and essentially the same amount of direct water frontage as it does not contain any private slips. At the time of sale, the site was largely unimproved as it did not features a bulkhead but did include some dirt drives as well as a gravel lay down yard / storage area in addition to some mooring dolphins on the Michoud Canal.

CONFIRMATION

Orleans Parish Assessor's Office and Notarial Archives Listing Broker – Jim Barse



River Road, Westwego, LA 70094

MCECO ID 28210

ADDRESS River Road, Westwego, LA 70094

DATE December 30, 2013

RECORDATION Instrument Number 11400101

PARISH/COUNTY Jefferson

VENDOR Westwego Batture Property, LLC

VENDEE Diamond B Construction Company, LLC

SALES PRICE \$2,500,000

TERMS/FINANCING Cash Sale

ZONING Industrial

FLOOD ZONE AE

VERIFICATION Jefferson Parish Clerk of Court

SITE UNIT PRICE \$5.92 PSF

SITE UNIT PRICE \$257,732 per acre

SITE SIZE 9.70 acres / 422,532 SF

LEGAL DESCRIPTION Parcel KA1, Camille Zeringue Plantation, City of Westwego,

Jefferson Parish, State of Louisiana

COMMENTS

Although the actual site size is 13.4 acres, the property includes a portion of the levee that has been determined unusable area. We have estimated that the levee reduces the usable site area of the property approximately 3.7 acres. When this is excluded from the total site area, we obtain a usable site area of 9.7 acres, which has been utilized herein. The property has approximately 860 feet of linear frontage on the Mississippi River, which equates to a \$2,907 per linear foot. The site reportedly had a fleeting permit already in place.

We spoke with the listing agent, Mr. Jim Barse, who noted that they originally approached by the purchasers to lease the property, but a few days later they came back with a full price offer. Mr. Barse noted that he had the sign up on the property for months after going under contract and received no other interest in the property.

CONFIRMATION

Listing Agent, Jim Barse 504-340-9339 Previous Appraisal - The McEnery Company



Highway 23, Port Sulphur, LA 70083

MCECO ID 29794

ADDRESS Highway 23, Port Sulphur, LA 70083

DATE December 9, 2013

RECORDATION Deed Book 1308, Page 52

PARISH/COUNTY Plaquemines

VENDOR CLL Limited Partnership, Ltd.

VENDEE Plaquemines Port, Harbor & Terminal District

SALES PRICE \$9,500,000 – Total Sale Price

\$1,690,575 - Allocated to Pasture land

\$7,089,425 - Allocated to Batture/Industrial Land

ZONING FP

FLOOD ZONE VE

VERIFICATION Plaquemines Parish Clerk of Court

SITE UNIT PRICE \$72,482 per acre

SITE SIZE 632.64 acres / 27,557,798 SF – Total

450.82 - Pasture Land

97.81 - Industrial/Batture Land

LEGAL DESCRIPTION Certain immovable property comprised of approximately 604

acres, more or less, located in part in Township 17 South, Range 25 East comprised of portions of Sections 1, 2, and 3; and in part Township 17 South, Range 26 East, comprised of portions of Sections 21 and 22 and including certain batture lands immediately adjacent thereto reaching to the ordinary low water line of the Mississippi River, Parish of Plaquemines, State of

Louisiana

COMMENTS

This is the pending sale of an approximately 604 acre site with 7,105 linear feet of frontage along the Westbank of the Mississippi River. The site is comprised of 97.81 acres situated between Highway 23 and the Mississippi River levee, which was valued at \$40,000 per acre, and 450.82 acres situated on the south side of Highway 23 which is effectively pasture land at this time and was valued at \$3,750 per acre or \$1,690,575. The balance of the acreage lies in rights-of-way for the levee, a drainage servitude, and highway, as well as the batture itself. The batture was valued at \$550.00 per linear foot. The site is located downriver from the properties owned by International Marine Terminals - Kinder Morgan. This site was previously under contract to another entity for \$11,500,000, and according to the vendor, they had interest from other parties at similar pricing. The parish has reportedly been looking at this site for an extended time period, and once it became known that they were in the pool of buyers, the other groups backed out, as they knew it would be virtually impossible to obtain the necessary permits and approvals without the backing of the parish.

CONFIRMATION

Mr. Edwin Blair – Executive VP of CLL Limited Partnership 504-250-1291



Highway 23 at Myrtle Grove Lane, Port Sulphur, LA 70083

Comparable Land Sale #6

MCECO ID 20964

ADDRESS Highway 23 at Myrtle Grove Lane, Port Sulphur, LA 70083

DATE April 24, 2013

RECORDATION Deed Book 1293, Page 474

PARISH/COUNTY Plaquemines

VENDOR CLL Limited Partnership, Ltd.

VENDEE NOLA Oil Terminal, LLC

SALES PRICE \$4,400,000

TERMS/FINANCING Cash

ZONING FP Flood Plain

FLOOD ZONE VE, EL-13

VERIFICATION Plaquemines Parish Clerk of Court

SITE UNIT PRICE \$38,418 per acre

SITE SIZE 152.82 acres / 6,656,839 SF – Total

114.53 – Usable acreage

LEGAL DESCRIPTION A 152.82 acre parcel of land located in Section 10, Township 17

South, Range 25 East, Town of Myrtle Grove, Louisiana

COMMENTS This is the sale of a 152.82 acre tract of land situated on the

north side of Highway 23 and fronting 5,350 linear feet on the West Bank of the Mississippi River. The site has 114.53 acres of usable area between Highway 23 and the levee, with the balance consisting of the levee and river batture. For purposes of comparison, the batture has been valued at \$400.00 per front foot, or \$2,140,000, with the balance of \$2,260,000 assignable to

the 114.53 acres of usable site area. Since the acquisition of the site, the current ownership has invested significant time and funds to permit the site for use as a riverfront petrochemical storage, distribution, and transfer facility. It is the first such facility permitted in Lower Plaquemines Parish in over 40 years. This involved engineering, surveys, and wetlands delineation and mitigation on the site itself, plus significant expenditures for the proposed oil terminal itself.

CONFIRMATION

Previous Appraisal - S. Parkerson McEnery and Adam W. Couch - November 2013

Comparable Land Sale #7



Highway 73 at Highway 75, Geismar, LA 70734

Comparable Land Sale #7

MCECO ID 20184

ADDRESS Highway 73 at Highway 75, Geismar, LA 70734

DATE September 6, 2012

RECORDATION Instrument Number 806679

PARISH/COUNTY Ascension

VENDOR SGM Investments, LLC and SLC, Inc.

VENDEE Methanex Fortier, Inc

SALES PRICE \$11,198,277

TERMS/FINANCING Cash

ZONING HI Heavy Industry

FLOOD ZONE AE and X

VERIFICATION Ascension Parish Clerk of Court

SITE UNIT PRICE \$1.14 PSF

SITE UNIT PRICE \$49,799 per acre

SITE SIZE 224.87 acres / 9,795,337 SF

LEGAL DESCRIPTION Three certain tracts or parcels of land containing 224.865 acres,

more or less, located in Section 48, Township 9 South, Range 2 East and Sections 10 & 11, Township 10 South, Range 2 East,

Ascension Parish, Louisiana

COMMENTS This is the sale of a total of 224.865 acres located at the

intersection of Highways 73 and 75 in Geismar. The site is highly irregular in shape and actually surrounds four smaller tracts

located along Highway 75.

The site was purchased for the development of a methanol plant which is being relocated from Chile.

The site is comprised of approximately 129.42 acres of unencumbered high ground, 11.6 acres of wetlands (which includes the "New River" drainage canal), 8.25 acres of area encumbered by pipelines, and 29.7 acres of other land areas (roads, levee, etc.). As the subject's usable site area has included the pipeline and wetlands areas, we have included these areas for purposes of analysis. The roads and levees have not been included. The property also had a 4,500 square foot warehouse which was given minimal contributory value.

CONFIRMATION

Public Record

Comparable Land Sale Number 8



Highway 23, Port Sulphur, Louisiana 70083

Only Usable Land Areas Shown

Comparable Land Sale Number 8

NAME Mississippi Riverfront Site

ADDRESS Highway 23, Port Sulphur, Louisiana 70083

DATE August 09, 2012

RECORDATION Book 1275, Page 357

PARISH Plaquemines

VENDOR CLL Limited Partnership, Ltd.

VENDEE International Marine Terminals Partnership

SALES PRICE \$14,500,000.00

TERMS Cash

ZONING FP, Flood Plain

VERIFICATION Plaquemines Parish Clerk of Court

TOTAL UNIT PRICE \$31,529 Per Acre

NET UNIT PRICE \$86,774 Per Acre

SITE DIMENSIONS 7,905 total linear feet of Mississippi River frontage

PRICE PER FF \$1,834 per front foot

TOTAL ACREAGE 459.9 Acres

USABLE ACREAGE 167.1 Acres (Between Highway 23 and Levee)

HIGHEST AND BEST USE Industrial Development

LEGAL DESCRIPTION

Tracts 2G2E, DR-1, WP-2, WP-3, and W1-6 located in Township 17 South, Range 25 East, Myrtle Grove Plantation, Plaquemines Parish, Louisiana

COMMENTS

This is the sale of a total of 459.9 acres of land located along the west bank of the Mississippi River.

This site is comprised of multiple tracts located on both the upriver and downriver sides of the existing IMT (vendee of the sale) coal terminal. The total site size is 459.90 acres, however just 167.10 acres of this area is usable. The balance of the site area is on the south side of the highway and is completely comprised of wetlands.

Total water frontage equals approximately 7,906 feet along the west bank of the river.

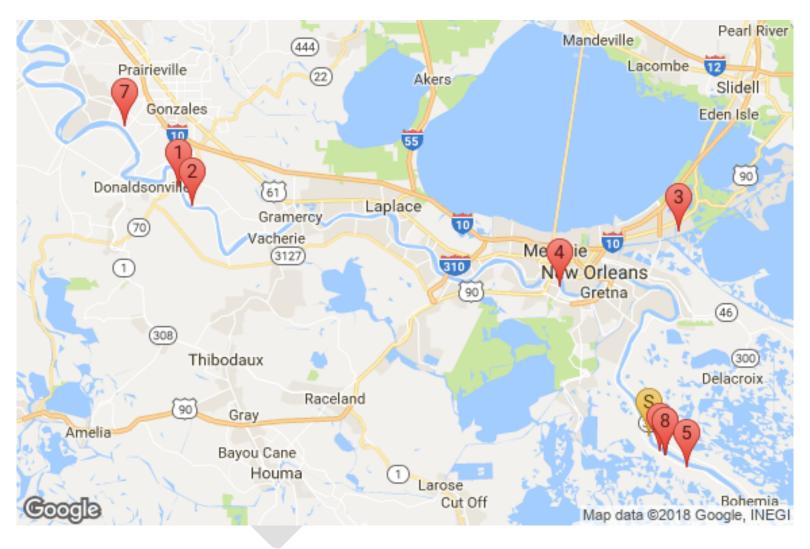
The purchaser operates a coal terminal between the two sites along the river, and had previously been leasing the batture from the vendor. We confirmed with a representative of the vendor that they essentially had to have this land, and the pricing may have been inflated slightly as a result.

The purchaser has continued to use the river frontage for barge fleeting for their adjacent coal terminal operation, and it is unclear at the present what their plans are for the usable land area itself. The river frontage was permitted for barge fleeting at the time of the sale, but the land between Highway 23 and the levee has no permitting in place at the present time.

CONFIRMATION

Mr. Edwin Blair – Executive VP of CLL Limited Partnership 504-250-1291

Land Comparables Map



Land Comparables Analysis Grid

Sale#	Subject	1	2	3	4	5	6	7	8
Date		1/20/2015	4/16/2014	4/4/2014	12/30/2013	12/9/2013	4/24/2013	9/6/2012	8/9/2012
Address	Highway 23	Highway 18	Highway 41	15100 Intracoastal	River Road	Highway 23	Highway 23 at Myrtle	Highway 73 at	Highway 23
Sales Price		\$1,300,000	\$910,000	\$1,000,000	\$2,500,000	\$7,089,425	\$4,400,000	\$11,198,277	\$14,500,000
Acres	613.50	12.85	11.52	22.10	9.70	97.81	114.53	224.87	167.10
Land SF	26,724,060.00	559,746.00	501,811.20	962,676.00	422,532.00	27,557,798.40	6,656,839	9,795,337	7,278,876
Flood Zone	AE	A & X	Α	AE & X	AE	VE	VE, EL-13	AE & X	VE
Zoning	FP	Industrial	Industrial	H-I, Heavy Industrial	Industrial	FP	FP Flood Plain	HI Heavy Industry	FP Flood Plain
Linear Feet	6,293	1,134	485	825	860	7,105	5,350	3,489	7,906
Price per Linear Foot		\$1,146	\$1,876	\$1,212	\$2,907	\$998	\$822	\$3,210	\$1,834
Acre Unit Price		\$101,167	\$78,993	\$45,249	\$257,732	\$72,482	\$38,418	\$49,799	\$86,774
COS/Market Adj.		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-10.00%
Adjusted Acre Unit Price		\$101,167	\$78,993	\$45,249	\$257,732	\$72,482	\$38,418	\$49,799	\$78,097
Adjustments									
Size		-15.00%	-15.00%	-15.00%	-15.00%	-10.00%	-10.00%	-5.00%	-7.50%
Location		5.00%	5.00%	10.00%	-10.00%	0.00%	0.00%	0.00%	0.00%
Flood Zone		-2.50%	-2.50%	-2.50%	-2.50%	0.00%	0.00%	-2.50%	0.00%
Zoning		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Shape/Utility		0.00%	0.00%	0.00%	0.00%	0.00%	10.00%	10.00%	10.00%
Linear Frontage		10.00%	10.00%	10.00%	10.00%	0.00%	2.50%	5.00%	-2.50%
Composite Adjustment		-2.50%	-2.50%	2.50%	-17.50%	-10.00%	2.50%	7.50%	0.00%
Adjusted Acre Unit Price		\$98,638	\$77,018	\$46,380	\$212,629	\$65,233	\$39,378	\$53,534	\$78,097

COMPARABLE SALE ADJUSTMENTS

The above sales have been analyzed and compared with the subject property. We have considered adjustments in the areas of:

Property Rights Sold

Market Trends

Financing

Location

Conditions of Sale

Physical Characteristics

Property Rights

All of the comparable sales were sold as fee simple estates similar to the interest being appraised of the subject property. No adjustment is necessary for this consideration.

Financing

No adjustments necessary for this consideration.

Conditions of Sale

All of the comparable sales save Sale #8 were confirmed to be arm's length transactions and no adjustments were necessary for conditions of sale.

Sale #8 was acquired by an adjoining land owner, who was likely motivated to acquire the property for strategic operations related to the terminal operations. As such, the price appears to be somewhat inflated relative to the sales of comparable properties in the immediate area. As a result, we have applied a downwards adjustment to this sale to account for the motivations of the purchaser.

Market Trends

No sales required adjustment on the basis of market conditions as they all conveyed at times when the market was similar to present day.

Within this analysis, we have included several comparable sales that occurred several years prior to the effective date of value. There is no evidence to support an adjustment for a change in market conditions based on the comparable sales. That said, we have noted a rise in demand for large industrial oriented acreage tracts within the immediate and regional market place. This is largely tied to the improvement in the oil and gas industry, as well as the recent growth in the exporting of oil and gas products. We also note that the health of the national economy has improved and cost of funds, which is likely pushing for stronger demand for industrial expansion. Waterfront acreage tracts of land do not tend to fluctuate as significantly in terms of value and the market remains relatively stable. Furthermore, this property type does not transfer ownership as rapidly as other forms of real estate. The inclusion of comparable sales several years prior effective date of value is reasonable. We have confirmed this sentiment with Jim Barse, a highly active industrial broker in the subject's market area.

Overall, the more recent sales do not appear to reflect any significant change in terms of pricing, as a result of shifts in market conditions. We have opted not to apply any adjustments for market conditions

Size

Adjustments for size considerations are typically based on the concept of economies of scale. There is ample evidence to support this concept, which indicates that properties with smaller acreage tend to sell at a higher price per acre than comparables with a greater amount of acreage.

In light of this, we have applied downwards adjustments to all of the comparables for their smaller amount of acreage, relative to the subject property.

Location

Minor adjustments have been applied to Sales #1 and 2 for their arguably inferior locations further upriver from the New Orleans metropolitan area. Sale #3 has been adjusted for its inferior location along the Intracoastal Waterway.

Sale #4 has been adjusted downwards for its superior location along the Mississippi River proximate to several major maritime industrial hubs including the Port of New Orleans. The balance of the indicators all have comparable locations to the subject property along the Mississippi River and proximate to the subject property.

Flood Zone

Adjustments have been applied to the indicators with superior flood zone designations. We have kept these adjustments modest, as the subject property is effectively located in a Flood Zone B; however, the proposed preliminary flood zone will move to VE. This is inferior and more prone to storm surge and flooding.

Zoning

The subject's zoning designation is FP, which allows for a number of different type of uses including some commercial/industrial applications.

We have confirmed with Ametra Rose, the Planning and Zoning Superintendent of the Plaquemines Parish Zoning Department, that a change in the zoning for an industrial use is still highly possible for the subject property if necessary. Given the surrounding land uses including several industrial applications, Mrs. Rose confirmed that a change in the zoning for an industrial use would be highly favorable.

Additionally, Mr. Rose confirmed that there have been several properties, which received a change in their respective zoning designations, which allows for heavier industrial application. The current zoning designation is essentially a holding zoning that can be changed in order to accommodate a commercial application.

Based on the preceding discourse, it is our opinion that there is no need for a zoning adjustment to any of the comparables, as they are all considered similar to the subject property.

Shape/Utility

As discussed in the market area analysis section, the subject property is a well shape large tract of land with ample frontage along Highway 23, as well as the Mississippi River. Additionally, the subject property has rail line access. These attributes make it a highly desirable industrial tract of batture land, whereas many sites do not feature the same shape and utility as the site. In this case, Sales #7 and 8 were adjusted upwards for their irregular shapes and non-contiguous nature. At a minimum, a 10% adjustments is reasonable for these indicators.

Linear Frontage

Lastly, we have applied upwards adjustments to all of the comparable sales save Sale #5 for their lower amounts of linear waterfrontage. This is considered a very marketable attribute and adjustments are necessary for these indicators.

LAND/ SITE VALUATION RECONCILIATION AND CONCLUSION	LAND/SITE VALUATION REC	CONCILIATION	AND (Conclusio
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Land Value Ranges & Reconciled Value				
Number of Comparables:	8	Unadjusted	Adjusted	% Δ
	Low:	\$38,418	\$39,378	3%
	High:	\$257,732	\$212,629	-18%
	Average:	\$91,327	\$83,863	-8%
	Median:	\$75,737	\$71,126	-6%
	St. Dev.	\$70,673	\$55,459	-22%
Reconciled Value/L	5,73	\$52,000		
Su		613.50		
Indica		\$31,902,000		
Reconciled F		\$31,900,000		
Thirty One Million Nine Hundred Thousand Dollars				

Following the application of adjustments, the range has tightened and the standard deviation has decreased from \$70,673 per acre to \$55,459 per acre. The mean of the data set suggests a value call of \$83,863 per acre. Given the subject's very large site area, a value call below the mean of the adjusted range is warranted.

We first note the high end indicators, which are comprised of Sales #1, 2, and 4. These are all similar batture sites; however, they are substantially smaller than the subject property, which may inflate their price per acre indicator somewhat.

The balance of the data set are all considered reliable and credible sales, which suggest a range between \$39,378 per acre to \$78,097 per acre with a mean of \$56,525 per acre. Within this range,

Sales #5-8 are considered the best indicators of value, which supports a mean closer to \$60,000 per acre.

Given the subject's larger site area, a value call below this mean is reasonable and supportable for the subject property.

We have considered a recent indicator of an industrial batture site that is confidential with respect to its sale price. A discussion on this indicator is shown below:





1	Asking Price	\$4,750,000
	Sale Date	2017
	Attributed to Industrial	\$4,030,000
	Industrial Acreage	96.54
	Price per Acre	\$41,744

We previously appraised this property and were involved in the brokerage of this property. We cannot disclose the final sale price, but can confirm that it was proximate to the current asking price. As such, we have utilized the asking price and deducted out the portions of the sale price that were attributed to the recreational and batture land. This equated to approximately \$720,000, which results in \$4,030,000 attributed to the 96.54 industrial/batture land.

This suggests a price per acre figure for this transaction closing in 2017 of \$41,744 per acre. This property is inferior in terms of location to the subject property, as it is situated on the east bank of the Mississippi River. Furthermore, it did not have the same level of waterfrontage and utility as the subject property. Taking this into consideration, this recent confidential comparable supports a value call in the range of \$50,000-\$55,000 per acre.

In addition to this supplemental indicator – we note two regional indicators of acreage tracts that were purchased for oil and gas terminals. These two sales are shown on the following pages:

Comparable Regional Land Sale Number 1



This sale comprises approximately 344.54 acres situated on both sides of Highway 27 South and also fronting to the southern boundary of the Intracoastal. The land also included the water bottoms beneath the Ship Channel as well as additional land on the island to the East

301 Main Street (Highway 27 South), Hackberry, Louisiana 70645

Comparable Regional Land Sale Number 1

ADDRESS 301 Main Street (Highway 27 South), Hackberry, Louisiana 70645

DATE April 29, 2014

RECORDATION Deed Number 2012047696

COUNTY Calcasieu Parish

VENDOR William Mitchell Redd, Thomas Matthew Redd, Quail Planning and

Development, LLC, Prosapia Fidelis, LLC and Cypress Planning and

Development, LLC

VENDEE Cameron LNG, LLC, as represented by Amy H. Chiu, Vice President

SALES PRICE \$15,338,875

TERMS Cash to Seller

ZONING Industrial

VERIFICATION Calcasieu Parish Clerk of Court's Office

SITE UNIT PRICE

(per Acre)

\$44,519.87 per acre

SITE DIMENSIONS This sale comprises approximately 344.54 acres situated on both sides of

Highway 27 South and also fronting to the southern boundary of the Intracoastal. The land also included the water bottoms beneath the Ship

Channel as well as additional land on the island to the East

SITE SIZE (ACRES) 344.54 acres

HIGHEST AND

BEST USE Deep-waterfront industrial

LEGAL Six tracts identified as Tracts 1, 2, 3, and 4 being located in Section 1,

DESCRIPTION Township 12 South, Range 10 West, and Section 43, Township 12 South,

Range 9 West, Cameron Parish, as well as Tracts 5 and 6 being located in Sections 34, 35 and 36 in Township 11 South, Range 10 West, Calcasieu Parish, State of Louisiana

COMMENTS

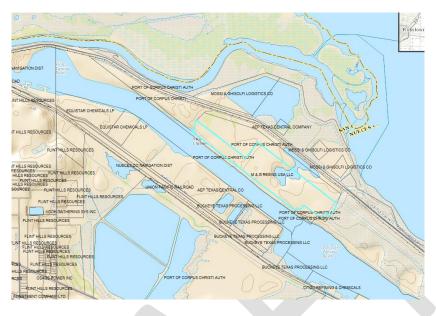
This site comprises a significant swath of land located directly north of the Cameron LNG facility on Highway 27 South in Hackberry. Cameron LNG contacted the sellers about the property, and this sale took place off-market. According to the seller, the tract was approximately 50% marsh / water with the balance being developable uplands. The purchaser, Cameron LNG acquired the property for expansion of their existing facility.

This site had not been mitigated and required related wetlands permitting in advance of development.

CONFIRMATION

Seller, Mr. T. Matthew Redd 337.310.7333

Comparable Regional Land Sale Number 2





The sale property includes two tracts totaling 411.53 acres with extensive frontage along the north side of the Viola Ship Channel

7001 Joe Fulton International Trade Corridor, Corpus Christi, TX 78409

Comparable Regional Land Sale Number 2

ADDRESS 7001 Joe Fulton International Trade Corridor, Corpus Christi, TX 78409

DATE December 6, 2012

RECORDATION Deed Number 2012047696

COUNTY Nueces County

VENDOR Driscoll Foundation

VENDEE M & G USA Corporation

SALES PRICE \$26,000,000

TERMS Cash to Seller

ZONING Industrial

VERIFICATION Nueces County Tax Assessor Records

SITE UNIT PRICE

(per Acre)

\$63,178.87 per acre

SITE DIMENSIONS Tract 1 – being 169.74 acres: The tract maintains approximately 1.05 miles

along the new Joe Fulton International Trade Corridor, as well as approximately $0.97\ \mathrm{miles}$ along the north side of the Viola Ship Channel,

which is the most valuable portion of the entire tract

Tract 2 – being 241.79 acres: The tract maintains approximately 1.40 miles along the north side of the new Joe Fulton International Trade Corridor, as

well as approximately 2.45 miles along the Nueces River and Nueces Bay.

SITE SIZE (ACRES) 411.53 acres

HIGHEST AND

BEST USE Deep-waterfront industrial

LEGAL Two certain tracts of land identified as parcel ID numbers 514446 and

DESCRIPTION 514447 in Nuences County, State of Texas

COMMENTS This site was purchased by a major industrial user, and was acquired from a

family foundation that had owned the land for an extended period of time. The terms of the purchase included a down payment of \$5,200,000 and a promissory note with the Driscoll Foundation for \$20,800,000 for five years at 5% interest. The site contains significant wetlands areas, but it accessed by rail and water. The land is largely un-improved and in need of fill, bulkhead and additional site improvement customary for a deep water front industrial tract. The site also required wetlands mitigation and related

permitting.

CONFIRMATION John Talhelm, Jones, Lang LaSalle, 713.888.4058

Houston Office of Cushman & Wakefield

Both pf the above indicators are regional conveyances of similar large acreage tracts that were purchased for comparable proposed developments. They support our final value conclusion of \$52,000 per acre.

Based on the preceding discourse, we have given primary weight to the local indicators (Sales #5-8), while considering the above supplemental indicators and the subject's large site. Overall, this supports a value call of \$52,000 per acre of \$31,902,000 – rounded to \$31,900,000.

INDICATION OF MARKET VALUE OF SUBJECT SITE:

\$31,900,000*

*This value is contingent on the extraordinary assumption stated within the scope of work section of this report.

FINAL RECONCILIATION AND VALUE CONCLUSION

The process of reconciliation involves the analysis of each approach to value. The quality of data applied, the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. Finally, each is considered separately and comparatively with each other.

Value Indications

Land Value: \$31,900,000

Based on the data and analyses developed in this appraisal, it is our opinion that the **Market Value** of the **Fee Simple Interest** of the subject of this report as of May 15, 2018 is:

THIRTY ONE MILLION NINE HUNDRED THOUSAND DOLLARS* (\$31,900,000)*

*This value is contingent on the extraordinary assumption stated within the scope of work section of this report.

ASSUMPTIONS AND LIMITING CONDITIONS

This report is subject to the following conditions and to such specifications and limiting conditions that also might be set forth in this report. These conditions affect the analyses; opinions, and value conclusions contained in this report.

- 1. It is assumed that the property is owned in Fee Simple Title. Fee Simple Title implies that the property is owned free and clear, unencumbered and unless otherwise specified. There are to be no leases, liens, easements, encroachments or other encumbrances on the subject property that have not been specified in this report.
- 2. No responsibility is assumed for matters of a legal nature affecting the appraised property or title. This appraisal assumes that the subject property is presented with a good and marketable title unless otherwise specified. The appraiser has not rendered an opinion as to the title and does not have the expertise to do so. Data on ownership and legal descriptions were obtained from sources generally considered reliable.
- 3. The property is appraised assuming it is to be under responsible ownership and competent management. Unless otherwise specified, the property is assumed to be available for its highest and best use.
- 4. Any survey contained in this report is assumed to be true and correct, and it is also assumed that there are no hidden encroachments upon the property appraised except as noted. Any sketch prepared by the appraiser and included in this report may show approximate dimensions and is included to assist the reader in visualizing the property only. The appraiser has not made a survey of the property and does not warrant any surveys or other presented plans or sketches.
- 5. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or other structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions or for engineering which might be required to discover these factors. This includes the presence of unusual/extraordinary mineral deposits or subsurface rights not typically transferred with normal comparable data (i.e. valuable mineral rights associated with oil/gas production, etc., are not part of this assignment).
- 6. Any distributions of the valuation of the report between land and improvements apply only under the existing program of utilization. The separate valuation for land and building must not be used in conjunction with any other appraisal and are invalid if used in conjunction with any other appraisal.
- 7. No responsibility is assumed for changes in matters that are legal, political, social, or economic which could affect real estate values that take place after the effective date of this evaluation.

- 8. Information, estimates, and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for the accuracy of such information furnished to the appraiser during the appraisal process is warranted by the appraiser. The appraiser assumes no responsibility for the accuracy of such information as measurements, survey, title information, and other information furnished by comparable sales data found in courthouse records and information obtained from Realtors and other parties during any type of comparable survey.
- 9. This report is predicated upon the assumption that the property has reached a stabilized occupancy as of the date of valuation, unless otherwise noted.
- 10. On all appraisals, subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner and in accord with the referred to plans and specifications.
- 11. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless required to do so by a court.
- 12. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute.
- 13. Neither all nor any part of the contents of this report, especially any conclusions as to value, identity of the appraiser or the firm with which he (they) is connected or any reference to the Appraisal Institute shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without prior consent of the undersigned.
- 14. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, ureaformaldehyde foam insulation, or other potentially hazardous materials or gases may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired. This report further assumes that there are no under/above ground storage tanks of any kind on the property (unless otherwise noted). Possible leakage problems have not been addressed. The site history of the subject property has not been explored, nor has the historical land use patterns of surrounding properties been investigated. Again, the appraiser has not addressed any environmental issues that might affect value. This report assumes that no such issues of any kind are present or affecting the Fee Simple Value in any manner (unless otherwise noted). The appraiser urges the client to retain an outside environmental expert to determine the subject property's status from this perspective.

- 15. We have personally inspected the property and found no obvious evidence of structural deficiencies except as stated in the report. However, no responsibility for hidden or unnoticed defects is assumed. No responsibility for conformity to specific governmental requirements (such as fire, building and safety, earthquake, or occupancy codes) can be assumed without provisions of specific professional or governmental inspections.
- 16. We have personally inspected the subject property and found no evidence of termite damage or infestation (unless otherwise noted). No termite inspection report was made available to the appraiser; the appraiser is not responsible for damages resulting from any type of insect infestation whatsoever. This is beyond the scope of the appraisal assignment.

ACCEPTANCE OF AND USE OF THIS APPRAISAL REPORT CONSTITUTES ACCEPTANCE OF ABOVE

ADDENDA

Letter of Engagement
Qualifications of the Appraisers
Legal Description
Survey
Zoning Ordinance
Flood Map
Regional Map
Neighborhood Map
Subject Photos

Letter of Engagement



www.mceneryco.com

Current Date: May 4, 2018

P. M. McEnery, MAI, CRE and Baldwin R. Justice The McEnery Company 810 Union Street, Fourth Floor New Orleans, Louisiana 70112

Re: Appraisal of

Louisiana Highway 23 - Batture Site

Ironton, Louisiana

Client:

Plaquemines Parish Port Harbor & Terminal District, as represented by

Mr. Sandy Sanders, Executive Director

Property Address(s):

See above

Property Contact:

Mr. Ken Rathburn, 504-838-9090

Intended Use:

Determine Market Value to assist in Potential Acquisition

Intended User:

Client and Legal Counsel

Report Due Date:

Two week from date of engagement

Retainer / Appraiser's Fee:

\$5,500

Dear Mr. McEnery:

This letter is to confirm our conversation concerning the above referenced assignment. I fully understand that Mr. Sandy Sanders is the named client under this engagement. Furthermore, please allow this letter to confirm our request that you prepare a USPAP (Uniform Standards of Professional Appraisal Practice) compliant Appraisal Report of the above referenced property under the following scope of work:

Scope of Work

A USPAP Compliant Appraisal Report

Reporting of a current date, Fee Simple market value opinion with due consideration of the current zoning and development approvals in place.

Reporting Data:

 Specific comparable information must be included. Comparable information must be detailed enough to be verifiable. Comparable sales and rental data will be analyzed where necessary in order to determine a current market value of the property.

The assignment shall be ordered from Mr. Sandy Sanders and payment shall be made directly from the client to the appraiser. All documents furnished to the appraiser from this client are to be considered confidential information to the appraiser pursuant to the disclosure requirements in the confidentiality section of USPAP's Ethics Rule.

Please deliver finished report to:

Zuiders

Mr. Sandy Sanders Executive Director Plaquemines Parish Port Harbor & Terminal District

Respectf www.submitted,

I, the appraiser accept and agree with the terms of this engagement letter,

Pas: Engard May 4, 2018

Appraiser's Signature Date

Peter M. McEnery, MAI, CRE

Business Affiliations:

- Farnsworth-Samuel, Ltd. Commercial Sales Manager (1976 1980)
- Murphy, M^cEnery and Company, LLC Member-Manager (2002 March, 2010)
- The McEnery Company, Incorporated, President (1980 Present)

Related Business Experience:

First Financial Bank, FSB, New Orleans, Louisiana – Banking Officer (1986 - 1988)

Real Estate Practical Experience:

- Appraisal of all types of commercial properties including:
 - Acreage (timber, swamp, marsh, agricultural)
 - Land Mitigation Banks
 - USWF NWR (environmentally sensitive large acreage tracts LA, MS, AL, AR)
 - Subdivision Analysis
 - Shopping and Retail Centers
 - Convenience Stores/Truck Stops/Casinos
 - Office
 - o Industrial
 - Multi-family
 - Historic Restorations
 - Deep Water Port Facilities
 - Hotels/Nursing Homes/Hospitals
 - o Expropriation (condemnation): Louisiana DOTD; Louisiana Timed Managers
- Litigation Support Services
 - Qualified as Expert Witness: Federal District Court; Federal Bankruptcy Court; State
 District Courts
- Brokerage/Development:
 - o The McEnery Company Incorporated brokerage and development interests
- Finance and Consulting:
 - o Industrial Revenue Bonds (historic restoration financing)
 - Tax Credit Consulting
 - General Real Estate Consulting
- Banking:
 - Managed Commercial REO Portfolio

Memberships, Licenses, Etcetera:

- Member The Counselors of Real Estate ®, awarded designation of CRE
- Member The Appraisal Institute ®, awarded designation of MAI
- Member The National Association of Realtors ®
- State of Louisiana Certified General Real Estate Appraiser No.: G-1102
- State of Mississippi Certified General Real Estate Appraiser No.: GA-802
- State of Alabama Certified General Real Property Appraiser No.: G00778
- State of Florida Certified General Appraiser No.: RZ3357
- State of Arkansas Certified General Appraiser No. CG3898
- State of Texas Certified General Appraiser No.: 1380008
- Louisiana Real Estate Broker License-Broker No.: 23772

- Mississippi Real Estate Broker License-Broker No.: B17298
- Alabama Real Estate Broker License-Broker No.: 95787-0
- Arkansas Real Estate Broker License- Broker No.:PB00079104
- Louisiana DOTD: Real Estate Agent Consultant Panel
- Louisiana DOTD: Real Estate Appraiser Panel
- Southeastern Louisiana University, Instructor, REP and P (2001)
- LREC approved instructor: Special Seminar CE instructor (2003)
- Land Use Committee, New Direction 2025, St. Tammany Parish, Louisiana
- Central St. Tammany Land Owner's Association
- Member/Manager M^cEnery Management, LLC
- Member/Manager-McEnery Properties, LLC
- Member/Manager-Iolar Holdings, LLC

Education:

Real Estate Continuing Education-thru 2016

Appraisal Institute – Chicago, Illinois

- Course 00A (1-A): Basic Appraisal Principles, Methods and Techniques
- Course 00B (1-B): Capitalization Theory and Techniques
- Course 410-A: Standards of Professional Appraisal Practice
- Course 420-B: Standard of Professional Appraisal Practice
- Course 510: Advanced Income Capitalization
- Course 520: Highest and Best Use and Market Analysis
- Course 530: Advanced Sales Comparison and Cost Approaches
- Course 540: Report Writing
- Course 550: Advanced Applications
- Course/Seminar Partial Interest Valuation Divided
- Course/Seminar Appraisal Consultation
- Course/Seminar Real Estate Disclosure
- Course/Seminar Scope of the Work
- Course/Seminar Appraising Convenience Stores
- Course/Seminar Valuation of Conservation Easements
- Course/Seminar Analyzing the Effects of Environmental Contamination on Real Property
- Course The Appraiser as an Expert Witness
- Course Litigation Appraising: Specialized Topics and Applications
- Course Condemnation Appraising: Principles & Applications
- USPAP 2016-2017

International Right of Way Association

- Course 501-Residential Relocation Assistance
- Course 502-Business Relocation
- Course 505-Advanced Relocation Assistance I (Residential)

Commercial Investment Real Estate Institute Chicago, Illinois

- Course CI 101: Financial Analysis for Commercial Real Estate
- Course CI 202: Market Analysis for Commercial Real Estate
- Course CI 301: Decision Analysis for Commercial Real Estate

- Course CI 404: Advanced Tax Planning for Commercial Real Estate
- Course CI 405/406: Selling/Negotiation Analysis for Commercial Real Estate

<u>Tulane University – New Orleans, Louisiana</u>

• College of Arts and Sciences, Bachelor of Arts Degree – 1976

Saint Stanislaus College – Bay St. Louis, Mississippi – 1971

Client Summary:

- Private individuals, corporate clients, institutional lenders, public jurisdictions
- (References available upon request)



CURRICULUM VITAE BALDWIN R. JUSTICE

Primary Real Estate Business Experience:

The McEnery Company, Inc., New Orleans, Louisiana – <u>Director of Valuation Services</u> (April 2010 - Present)

Practical Real Estate Experience - Institutional Lending/Private Client Appraisal:

- Medical and Office Buildings
- Mixed-Use Buildings
- Industrial Warehouses, Office Warehouses, Warehouse Condominiums
- Land Commercial Lots, Bulk Acreage and Subdivision Analyses
- Multi-family Buildings
- Special Use Properties (Marinas, RV Parks, Shipyards, Bowling Centers)
- Net Leased Properties
- Bed and Breakfast Properties/Hotel Properties
- Convenience Stores-Gasoline Stations
- Self-Storage Facilities
- Funeral Homes
- Subdivisions
- Acreage tracts
- Timberland
- Industrial Shipyards
- High-Rise Office Buildings

Memberships, Licenses, Etcetera:

- State of Louisiana Certified General Real Estate Appraiser #G3000
- State of Mississippi Certified General Real Estate Appraiser #GA-1208
- State of Alabama Certified General Real Estate Appraiser #G01336

Primary Education:

- University of Alabama Tuscaloosa, Al
 - Culverhouse College of Commerce and Business Administration (August 2005 December 2009)
 - Department of Economics, Finance, and Legal Studies
 - Bachelor of Science (December 2009)
 - Major: Finance
 - Concentration Areas: Real Estate

 Real Estate Related Courses: FI 331/Principles of Real Estate; FI 334/Introduction to Real Estate Property Management; FI 432/Real Estate Appraisal; FI 436/ Real Estate Finance

Real Estate Related Education:

• Appraisal Institute – Chicago, Illinois – 2010 – Present

Advanced Market Area Analysis

and Highest and Best Use

Advanced Income Capitalization

0	Course 110 - Appraisal Principles	(Nashville, TN – 2010)
0	Course 120 - Appraisal Procedures 15 Hour National USPAP	(Nashville, TN – 2010) (Nashville, TN – 2010)
		(Nashville, TN 2010)
0	Course 300 - Real Estate Finance, Statistics, and Valuation Modeling	(Online – 2012)
0	Course 401G - General Appraiser Sales Comparison Approach	(Dallas, TX – 2012)
0	Course 400G - General Appraiser Market Analysis and H & B Use	(Ft. Lauderdale, FL – 2012)
0	Course 402G - General Appraiser Site Valuation & Cost Approach	(Online – 2014)
0	Course 403G - General Appraiser Income Approach/Part 1	(Online - 2014)
	General Appraiser Report Writing and Case Studies	(Online - 2014)
0	General Appraiser Income Approach/ Part 2	(Online - 2015)

(Atlanta, GA – September 2015)

(Atlanta, GA - April 2018)

Email: Baldwin@mceneryco.com



Certified General Appraiser License

Having complied with the license requirements as set forth in in R.S. 1950 Citle 37, Chapter 51, and Amendatorp Acts, and the Real Estate Appraisers Board Rules and Regulations, a Certified General Appraiser License is hereby granted to BALDWIN R. JUSTICE

In Cestimonp Whereof, Chis license has been issued by the Authority of the Louisiana Real Estate Appraisers Board.

Period Cobered: 01

01 2018 Through 12

31 2019

Roland MiHall

Chairman

License Mumber: G3000

Wester + Lipreont

Secretary

Legal Description

TRACT A-1A

A CERTAIN PORTION OF GROUND located in Alliance and St. Rosalic Plantation, Section 5, T16S, R25E, Southeast District of Louisiana, West of the Mississippi River, Plaquemines Parish, Louisiana in an area bounded by La. State Highway No 23, the Mississippi River, above by Citrus Lands of Louisiana, and below by La. Power & Light co., designated as Tract A-1A and described as follows:

Begin at the intersection of the upper line of La. Power & Light Co. Property and the original easterly right of way line of La. State Highway 23 said point having coordinates X=2,430,858.48, Y=366,504.59 and go North 21°56'19" West a distance of 416.07; thence go of North 69°07"01" East a distance of 1057.83 feet; thence go of South 20°52'59" East a distance of 416.00 feet; thence go of South 69°07'01" West a distance of 1050.17 feet to the POINT OF BEGINNING.

All as shown on a plan of resubdivision by Dufrene Surveying & Engineering Inc. dated July 3, 2006 and containing 10.0657 acres.

TRACT A-1B

A CERTAIN PORTION OF GROUND located in Alliance and St. Rosalie Plantation, Section 5, T16S, R25E, Southeast District of Louisiana, West of the Mississippi River, Plaquemines Parish, Louisiana in an area bounded by La. State Highway No 23, the Mississippi River, above by Citrus Lands of Louisiana, and below by La. Power & Light co., designated as Tract A-1B and described as follows:

Commence from the intersection of the upper line of La. Power & Light Co. Property and the original easterly right of way line of La. State Highway 23 said point having coordinates X=2,430,858.48, Y=366,504.59 and go North 21°56′19" West a distance of 416.07; thence go North 69°07′01" East a distance of 1057.83 feet to the POINT OF BEGINNING. Thence continue North 69°07′01" East a distance of 1054.00 feet; thence go of South 20°52′59" East a distance of 102.66 feet; thence go of North 69°12′23" East a distance of 186.13 feet; thence go of South 63°58′24" East a distance of 55.28 feet; thence go of South 20°47′37" East a distance of 222.20 feet; thence go of North 69°08′57" East a distance of 1397.84 feet; thence go of North 20°43′33" West a distance of 358.55 feet; thence go of North 69°07′01" East a

TRACT R-1

Begin at the POINT OF BEGINNING; being the Northwest Corner of TRACT 1, Thence N69°06'03"E, a distance of 4,101.99' to a point; Thence southeasterly, along a curve to the right having a radius of 2,839.93' a distance of 275.42'. With a chord bearing of S07°58'58"E and a chord distance of 275.31' to a point; Thence N69°06'03"E, a distance of 194.91' to a point; Thence S05°52'51"E, a distance of 195.83' to a point Thence S05°34'49"E, a distance of 200.28' to a point; Thence S04°09'31"E, a distance of 199.76' to a point; Thence S06°09'39"E, a distance of 200.02' to a point; Thence S05°18'39"E, a distance of 200.00' to a point; Thence S05°01'35"E, a distance of 200.01' to a point; Thence S05°18'02"E, a distance of 200.00' to a point; Thence S04°43'41"E, a distance of 200.01' to a point; Thence S05°35'17"E, a distance of 200.01' to a point; Thence S05°35'07"E, a distance of 200.00' to a point; Thence S06°09'39"E, a distance of 200.02' to a point; Thence S07°52'36"E, a distance of 200.20' to a point; Thence S12°08'38"E, a distance of 201.44' to a point; Thence S12°08'38"E, a distance of 201.44; to a point Thence S06°09'38"E, a distance of 200.03' to a point; Thence S37°30'41"E, a distance of 236.37' to a Thence S13°00'33"E, a distance of 81.79' to a p Thence S10°29'35"E, a distance of 230.83 Thence S09°54'23"E, a distance of 96.65% Thence S13°16'03"E, a distance of 20059' to a point; Thence S08°24'56"E, a distance of 198.94 to a point; Thence S01°21'33"W, a distance of 200.00 to a point; Thence S02°37'12"E, a distance of 185.78" to a point; Thence S08°17'49"E, a distance of 187.54' to a point; Thence S21°36'41"F, a distance of 195.14' to a point; Thence S02°11'08"E, a distance of 187.56' to a point; Thence S07°28'05 W, a distance of 214.43' to a point; Thence S30°24'42"E, a distance of 220.45' to a point; Thence S02°48'34"W, a distance of 201.64' to a point; Thence S19°02'09"E, a distance of 161.13' to a point;

Thence S10°51'54"E, a distance of 198.92' to a point; Thence S18°57'22"W, a distance of 96.12' to a point; Thence S34°28'15"E, a distance of 186.04' to a point; Thence S13°56'17"E, a distance of 164.36' to a point;

Thence S02°08'22"W, a distance of 92.22' to a point;

Thence S51°08'22"W, a distance of 1,530.31' to a point;

Thence N38°51'28"W, a distance of 663.54' to a point;

Thence S51°08'32"W, a distance of 595.45' to a point;

Thence northwesterly, along a curve to the right having a radius of 2,991.13' a distance of 156.67', with a chord bearing of N36°57'43"W and a chord distance of 156.66' to a point;

Thence N35°32'09"W, a distance of 1,697.67' to a point;

Thence northwesterly, along a curve to the right having a radius of 2,994.54' a distance of 538.76', with a chord bearing of N30°22'54"W and a chord distance of 538.03' to a point;;

Thence S25°12'36"E, a distance of 2,458.59' to a point;

Thence northerly, along a curve to the right having a radius of 2,770.79' a distance of 860.80', with a chord bearing of N16°18'36"W and a chord distance of 857.34' to a point; Thence N07°24'36"W, a distance of 112.86' to a point;

Thence S78°21'53"W, a distance of 157.50' to a point;

Thence S82°40'34"W, a distance of 484.17' to a point;

Thence S08°14'18"E, a distance of 705.04' to a point;

Thence N78°34'27"E, a distance of 639.83' to a point;

Thence northerly, along a curve to the left having a radius of 2,951.33' a distance of 236.54',

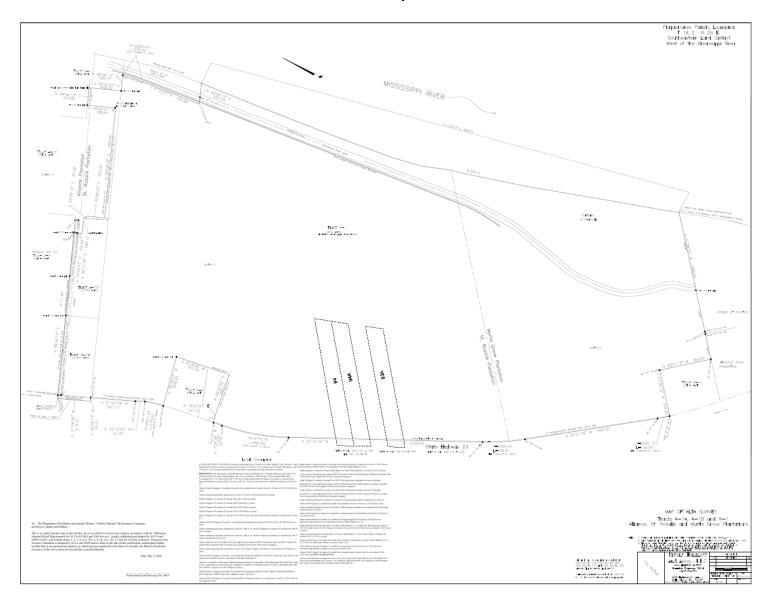
with a chord bearing of N13°43'19"W and a chord distance of 236.48' to a point;

Thence N25°18'10"W, a distance of 121.70' to a point;

Thence N21°56'39"W, a distance of 567.17' to a point to the POINT OF ENDING

Containing 573.2 acres, all according to a survey by Landmark Surveying, Inc. Dated May 25, 2007.

Survey



Zoning Ordinance

FP Flood Plain District

<u>Permitted uses:</u> This district is intended to comprise those areas which are subject to periodic or occasional inundation from stream overflows, storms, and tidal conditions and which are not within publicly owned hurricane protection levees and pump drainage systems. The use of property and buildings or structures in the FP--Flood Plain District shall be limited to the following:

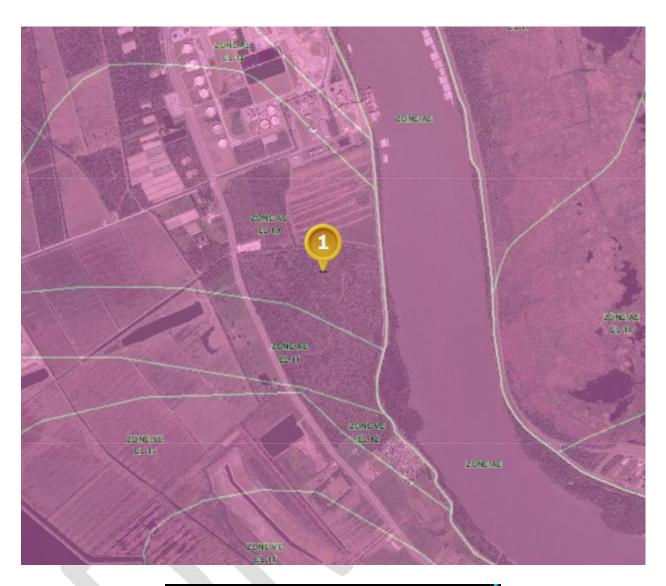
- a. All of the following residential, commercial and industrial structures or buildings when they meet the requirements of the parish building and sanitary codes:
 - Any use permitted in the RS-1, RS-2, R-1A, R-1AA, R-1AB, R-1B, R-1C, Single-Family Residential Districts and the R-2 Two-Family Residential District.
 - Farming and the keeping of agricultural livestock when in compliance with the parish sanitary code.
 - 3) Public recreation.
 - 4) Fishing and/or hunting preserves or lodges.
 - 5) Camps, subject to applicable state and parish requirements.
 - 6) Boat house and boat docks.
 - 7) Boat repairs and shipyards.
 - 8) Marinas or vacht clubs.
 - 9) Oil field services and supply companies.
 - 10) Warehouses.
 - 11) Trapping and associated light industries.
 - Mineral extraction and development of natural resources upon obtaining a parish permit.
 - 13) Marine services.
 - 14) Ice making plant.
- Mobile homes and all other commercial and industrial uses not listed above, subject to the approval of the council.

<u>Conditional uses</u>: Other uses similar to those listed above as may be determined by the parish council.

Flood Map

The flood map for the selected area is number **2201390165B**, effective on **05/01/1985**





Pt. 1 (29.6624, -89.9682)

Community: Plaquemines Parish*

Preliminary FIRM (Issued: 11/09/12)

Flood Zone: AE, EL 10

FIRM Panel ID: 22075C0200E Effective FIRM (Effective: 1993)
Flood Zone: No digital data. See panel.

FIRM Panel ID: No Digital Data.

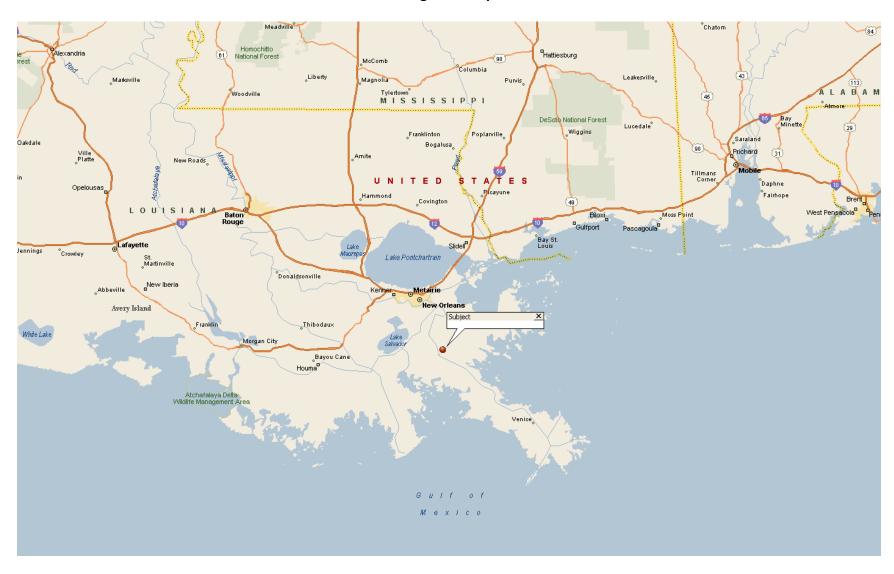
Ground Elevation¹: 5.5 ft **IBC Windspeed:** Display

Community Info

What Does This Mean?



Regional Map



Neighborhood Map



Subject Photographs

























GLOSSARY

This glossary contains the definitions of common words and phrases, used throughout the appraisal industry, as applied within this document. Please refer to the publications listed in the **Works Cited** section below for more information.

Works Cited:

- Appraisal Institute. The Appraisal of Real Estate. 13th ed. Chicago: Appraisal Institute, 2008.
 Print.
- Appraisal Institute. The Dictionary of Real Estate Appraisal. 5th ed. 2010. Print.

Band of Investment

A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment. (Dictionary, 5th Edition)

Common Area

- 1. The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities.
- 2. In a shopping center, the walkways and areas onto which the stores face and which conduct the flow of customer traffic. (ICSC) (Dictionary, 5th Edition)

Common Area Maintenance (CAM)

- The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property.
 - CAM can be a line-item expense for a group of items that can include maintenance of the parking lot and landscaped areas and sometimes the exterior walls of the buildings.

- CAM can refer to all operating expenses.
- CAM can refer to the reimbursement by the tenant to the landlord for all expenses reimbursable under the lease. Sometimes reimbursements have what is called an administrative load. An example would be a 15% addition to total operating expenses, which are then prorated among tenants. The administrative load, also called an administrative and marketing fee, can be a substitute for or an addition to a management fee.
- 2. The amount of money charged to tenants for their shares of maintaining a center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots.

The area maintained in common by all tenants, such as parking lots and common passages. The area is often defined in the lease and may or may not include all physical area to be paid for by all tenants. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenances, snow removal, security, and upkeep. (ICSC) (Dictionary, 5th Edition)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service (DCR = NOI/Im), which measures the relative ability of a property to meet its debt service out of net operating income; also called debt service coverage ratio (DSCR). A larger DCR indicates a greater ability for a property to withstand a downturn in revenue, providing an improved safety margin for a lender. (Dictionary, 5th Edition)

Discount Rate

A yield rate used to convert future payments or receipts into present value; usually considered to be a synonym for yield rate. (Dictionary, 5th Edition)

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. (Dictionary, 5th Edition)

Effective Date

- 1. The date on which the analyses, opinion, and advice in an appraisal, review, or consulting service apply.
- 2. In a lease document, the date upon which the lease goes into effect. (Dictionary, 5th Edition)

Exposure Time

- 1. The time a property remains on the market.
- The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a

competitive and open market. (Dictionary, 5th Edition)

Excess Land

Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued separately. (Dictionary 5th Edition)

External Obsolescence

An element of depreciation; a diminution in value caused by negative externalities and generally incurable on the part of the owner, landlord, tenant. (Dictionary, 5th Edition)

Extraordinary Assumption

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.) (Dictionary, 5th Edition)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Dictionary, 5th Edition)

Functional Obsolescence

The impairment of functional capacity of a property according to market tastes and standards. (Dictionary, 5th Edition)

Functional Utility

The ability of a property or building to be useful and o perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. (The Appraisal of Real Estate, 13th Edition)

Going Concern Value

- 1. The market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in *aggregate*; more accurately termed the *market value of the going concern*.
- 2. The value of an operating business enterprise. Goodwill may be separately measured but is an integral component of going-concern value when it exists and is recognizable. (Dictionary, 5th Edition)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region. (Dictionary, 5th Edition)

Gross Leasable Area (GLA)

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. (Dictionary, 5th Edition)

Highest & Best Use

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest

and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value. (Dictionary, 5th Edition)

Highest and Best Use of Land or a Site as Though Vacant

Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements. (Dictionary, 5th Edition)

Highest and Best Use of Property as Improved

The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one. (Dictionary, 5th Edition)

Hypothetical Condition

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (Dictionary, 5th Edition)

Investment Value

The value of a property interest to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market (Dictionary, 5th Edition)

Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease). (Dictionary, 5th Edition)

Leasehold Interest

The tenant's possessory interest created by a lease. (Dictionary, 5th Edition)

Market Area

The area associated with a subject property that contains its direct competition. (Dictionary, 5th Edition)

Market Rent

The most probably rent that a property should bring is a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs). (Dictionary, 5th Edition)

Market Value

The major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.

1. The most widely accepted components of market value are incorporated in the

following definition: The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress.

- 2. Market value is described in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. (USPAP, 2016-2017 ed.) USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:
 - Identification of the specific property rights to be appraised.
 - Statement of the effective date of the value opinion.
 - Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
 - If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above—or below—market interest rates and/or other special incentives

- must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.
- 3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and the seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:
 - Buyer and seller are typically motivated;
 - Both parties are well informed or well advised, and acting in what they consider their best interests;
 - A reasonable time is allowed for exposure in the open market;
 - Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
 - The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal

- 4. The International Valuation Standards Council defines market value for the purpose of international standards as follows: The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion. (International Valuation Standards, 8th ed., 2007)
- 5. Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure of time on the open competitive market, willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Standards for Federal Land Acquisitions) (Dictionary, 5th Edition)

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time

in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time). (Dictionary, 5th Edition)

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. (Dictionary, 5th Edition)

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. (Dictionary, 5th Edition)

Parking Ratio

A ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios of various land uses are often stated in zoning ordinances. (Dictionary, 5th Edition)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy. (Dictionary, 5th Edition)

Rentable Area

For office buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below.

The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice. (Dictionary, 5th Edition)

Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout. (Dictionary, 5th Edition)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (Dictionary, 5th Edition)

Scope of Work

The type and extent of research and analyses in an assignment. (Dictionary, 5th Edition)

Stabilized Occupancy

An expression of the expected occupancy of a property in its particular market considering current and forecasted supply and demand, assuming it is priced at market rent. (Dictionary, 5th Edition)

Surplus Land

Land that is not currently needed to support the existing improvement but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary 5th Edition)

Tenant Improvements (TIs)

- 1. Fixed improvements to the land or structures installed and paid for use by a lessee.
- 2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. (Dictionary, 5th Edition)

Vacancy and Collection Loss

A deduction from potential gross income (PGI) made to reflect income reductions due to vacancies, tenant turnover, and non-payment of rent; also called vacancy and credit loss or vacancy and contingency loss. Often vacancy and collection loss is expressed as a percentage of potential gross income and should reflect the competitive market. Its treatment can differ according to the interest being appraised, property type, capitalization method, and whether the property is at stabilized occupancy. (Dictionary, 5th Edition)